DAILY REPORT

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BLOC DEFENSE MINISTER SESSION RESUMES

LD121422 Prague Domestic Service in Czech and Slovak 1400 GMT 12 Jan 83

[Text] The session of the defense ministers of Warsaw Pact states resumed in Prague today. The participants in the session this evening will see a performance by the army artistic ensemble of Vitek Nejedly in the Smetana Theater in Prague. The ensemble will perform for Prague's important guests a festive program entitled "Jointly for Peace."

CSSR, HUNGARIAN, USSR FORCES PLAN EXERCISE

LD131100 Budapest MTI in English 1013 GMT 13 Jan 83

[Text] Budapest, January 13 (MTI) -- Under the annual training plan of the Warsaw Treaty United Armed Forces, the earmarked staffs and units of the Czechoslovak People's Army, the Hungarian People's Army and the Soviet Army are to carry out a tactical exercise on territory of the Hungarian People's Republic in the near future.

GDR'S WEISS DISCUSSES CEMA INTERACTION

DW111448 [Editorial Report] East Berlin Domestic Service in German at 1600 GMT on 10 January 1983 continues its "listeners' forums" with Dr Gerhard Weiss, deputy chairman of the GDR Council of Ministers and the GDR's permanent representative in CEMA, who begins by noting that he is chairing the Executive Committee of CEMA this year as the sequence is established in accordance with the Russian alphabet.

Gerd Breuer of Berlin and Gerd Buttler of Halle ask what the GDR's benefit was in 1982 from its participation in CEMA projects, for example with regard to its raw material and fuel supplies.

Weiss: "What matters to us, primarily, is the long-term guarantee of the supply of the national economy of the GDR with raw materials and fuels through the cooperation with the USSR and the other member countries. Such agreements on long-term, stable deliveries are a vital matter for the GDR, and it goes without saying that we combine with this the possibilities of producing, on a long-term basis, whatever must be supplied for payments to be made."

Participation of the GDR, according to Weiss, includes the delivery of equipment for the extraction, processing and conveyance of raw materials, of strip-mine equipment, metallurgical installations. Another form of participation is the work of "tens of thousands of young GDR citizens" on the Urengoy-Uzhgorod natural-gas pipeline. "All this has yet another advantage: For most of the raw materials we pay with products of the processing industry which are characterized by a high level of refinement." In keeping with "CEMA pricing principles we are paying prices above all for energy sources such as crude and natural gas which currently are essentially below the price level of the capitalist world market."

Since a listener wonders whether CEMA prices are adapted to world market prices only in the case of raw materials, Gerhard Weiss reaffirms that "the prices are uniformly established in accordance with prices of the main goods markets, which embraces both our exports and imports."

As for the increasing significance of CEMA cooperation, Weiss emphasizes that what matters is "the strengthening of the socialist community." During the justification of the GDR national economic plan, Weiss adds, it was repeatedly stated that "we can carry out our plan in reliance on the solid cooperation with the Soviet Union and the other CEMA countries, especially with respect to requirements posed for science and technology." CEMA in a way "is the platform and the instrument for such an active coordination for the rapprochement of the structures of the economic mechanisms, and so forth," Weiss states.

Answering a listener's question about the systematic "socialist economic integration," Weiss notes that the 1983 plan tasks "in one way or another, directly or indirectly, are connected with the tasks of socialist economic integration." For 1983, too, "we may proceed from the premise that the development of the GDR's economy will proceed on the basis of a further increasing interlocking with the USSR's economy and that of the other member countries."

Thus, "as I said before, what matters to us is the continuation of important raw material deliveries from the USSR -- crude oil, natural gas, iron ore, cellulose and cotton. In keeping with the decisions of the fifth Central Committee meeting, a higher degree of refinement of the domestic and imported raw materials is important. And all this happens on the basis of a further intensifying interlocking." With regard to the exports to the USSR, about "44 percent of our products are the result of cooperation and specialization." After all, in our deliveries it is necessary for us to "keep in mind the requirements of the national economies of the partner countries." Hence, what this involves is "chemical installations, metallurgical installations, railroad vehicles, ships and machine tools having a high scientific-technical level." This is, in short, "what the plan prescribes to us under international cooperation," Weiss explains.

In the GDR, Weiss continues his decription of aspects of bloc cooperation, the combines hold an important place because they directly share in the "preparation and implementation of measures of integration," wherefore the combines are essentially decisive for effectiveness. Increasingly these combines develop direct relations with partners abroad which so far "have had a favorable effect in all cases." The closer the interlocking, Weiss warns, the stricter must be the partners' discipline.

A Rostock listener asks whether the GDR participates in USSR projects aside from the gas pipeline. Weiss: "As I said, we plan to participate in the extraction of iron ore and in the production of fodder yeast in Mossiya -- that is to say, fodder yeast made from petroleum -- to insure the fodder yeast requirements."

What about ownership conditions in such projects? Take the natural-gas pipeline route. Is it the property of the Soviet Union or the GDR? a listener asks, and Weiss replies: "The ownership conditions are absolutely clear. We supply equipment, we participate in construction and receive natural gas as payment, so that it is quite clear that the natural gas pipeline is the property of the Soviet Union, our share being paid for with natural gas."

Answering a question on headway made in the long-term specialization and cooperation program with the USSR, Weiss refers to the December meeting the GDR-USSR Joint Government Commission and says that the agreements concluded are "solid components of the economic plans of both countries." The governmental and ministerial agreements concluded up to now number about 170 or 180. But he adds that what made the past few days so special was the conclusion of a new agreement on microelectronics, on the cooperation between our two countries up to 1990. Within the framework of this program coal refining, coal gasification, refining of brown coal represent a priority task, and other fields involved are the cooperation in the chemical industry and the joint technical improvement and modernization of factories; for example, the Wittenberge plant which produces sewing machines maps out with its partner in Podolsk a scheme of how the technological equipment can be jointly planned, how structural unitized groups can be exchanged, so as to enhance production."

Several listeners inquire about the coordination of the microelectronics program with other CEMA countries in general and the USSR in particular. Weiss replies that in this field "we have been cooperating with the Soviet Union for years." Research institutes in industry operate for direct cooperation, and basic research is being done on the level of the academies. "What matters, really, is to orient jointly the research and development potential toward the preparation of basic technologies for highly and maximally integrated circuits. What is important is the supply of special technical equipment for the production of components. But in other fields, too, it is necessary to create the proper materials for microelectronics, for instance in chemistry, in metallurgy, in the glass and ceramics branches -- meaning highly pure materials." And what is at stake, finally, is a uniform technical policy -- that is to say, the "uniform technological policy for insuring matching capability and interchangeability" of products."

In the following part of the listeners' forum, Gerhard Weiss is mostly asked about the GDR's cooperation with other socialist countries. Thus, Fritz Gebert of Dresden asks about "our most important projects in 1983 in cooperation with the CSSR. Weiss points out that the CSSR is an extremely important trade partner and refers to the trade agreement for 1983 signed the other day. Under this "annual protocol the goods exchange will increase to roughly 2.4 billion [no currency given], which is an increase over last year's level." The tested "Olefin cooperation which has been practiced since 1975 and which entailed an essential saving of investment funds in both countries, will be continued beyond 1985. There is cooperation [several words indistinct] the most important cooperation project in chemistry with the mutual exchange of chemical products." The cooperation also extends to the field of medical and dental equipment as well as to consumer goods.

As for cooperation with Cuba, Gerhard Weiss announces that the "Cuban comrades" have stipulated a "consistent course toward the intensification of economic integration with the other CEMA member countries. This also affects the relations with the GDR. The mutual exchange volume more than tripled between 1970 and 1981."

Answering a listener's question about the goods exchange with Poland, Weiss refers to the trade protocol signed with the People's Republic of Poland which envisages "voluminous mutual deliveries." These deliveries will include raw materials, fuels, products of the machine construction branch, of electrical engineering and of chemistry." The important deliveries by the Polish side include black coal, black coal coke, sulphur and carbone disulfide for further processing in the GDR. We on our part deliver products of the machine construction branch as well as chemical products, fertilizers. The strip mines in the Polish People's Republic received strip mine equipment from the GDR. We received conveyer-belt installations for the brown-coal industry of the GDR. There is also a voluminous exchange of rolled steel worth as much as $70 million. Our ships are partly repaired at Polish shipyards."

Wilfried Lange of Magdeburg asks about the results so far scored by the "international geological expedition in the Mongolian People's Republic in which the GDR takes part. Weiss points out that this involves "a CEMA project in which most member countries participate. It is generally known that owing to its geological structure Mongolia is rich in mineral resources, a reason why we share in the joint prospecting venture. There are large deposits of fluorite, tungsten, cooper, molybdenum as well as of coal for coking. As far as the GDR is concerned participation pertains to selected raw materials. Granted, vary high transport costs will ensure because of the long distance, but there is mutually advantageous cooperation in the case of copper, molybdenum." An expedition of geologists is in Cuba "with the same goal of exploring, and prospecting for, mineral resources."

Cooperation with Hungary, Weiss goes on to report in response to a question by Ingrid Rose of Magdeburg, already is a tradition in the fields of machine tools, agricultural machinery, and vehicle construction, as well as such matters as the establishment and furnishing of sales outlets. Cooperation further involves scientific-technical appliances and medical and pharmaceutical technical equipment.

Other listeners ask about the "youngest member of CEMA," the Socialist Republic of Vietnam. Gerhard Weiss reports that "we import fruit and vegetable preserves, above all lemon and orange, from the SRV." Other import items include work clothing and quite a few "other things that can be seen in our stores. We are building there a spinning mill, a concrete installation and workshops."

Reverting to CEMA cooperation, Weiss says, in reply to a pertinent question, that "work on the Intercosmos Program, which has been in progress since 1970, will be systematically continued." Asked about scientific-technical cooperation in 1983, the deputy chairman of the Council of Ministers refers to the economic plan which envisages expenditures of M9.3 billion for science and technology and says that the scientific-technical potential must be untilized to the greatest possible extent in cooperation with the Soviet Union and the other CEMA countries. "We are working on many projects, for instance, in microelectronics and the most effective use of energy sources, but what is also involved is, for instance, cooperation with the Soviet Union in the development of continous cold rolling of pipes in which the machine capacity can be increased eight times. This also involves matters such as silicate concrete, meaning concrete fully based on domestic raw materials by which cement is saved and heat insulation is improved. Other multilateral projects pertain, for example, to protection against corrosion for underground pipelines." Multilateral projects also exist that apply to the "complex utilization of wood as a raw material."

Satisfying the curiosity of listener Hans-Dieter Brauer of Erfurt about the major product fields in which the GDR specializes in CEMA, Weiss lists: Machine construction electrical engineering and electronics, machine tools, agricultural machines, metallurgical installations, chemical installations, strip mine equipment, rail vehicles as well as fishing vessels.

"To what extent is CEMA capable of supplying itself with raw materials?" listener Dietrich Langner of Magdeburg asks. Weiss: "I would like to (?draw attention) to the efforts made for the maximum utilization of the resources in all countries and for the opening of new raw material sources. But quite generally I might say that the long-term raw material supply is not only -- and I venture to say not primarily -- a matter of the quantity increased; what primarily matters as the crucial point is the most effective utilization and maximum refining of materials and material austerity. Naturally, the quantity will have to be increased, too; and this is possible indeed in keeping with the reserves. After all, we have a safe future in that respect that extends into the next millennium as a result of the deposits so far known."

Having outlined CEMA cooperation under the auspices of the individual specialized commissions of the council, Gerhard Weiss briefly discussed the planned Mukran-Klaipeda ferry link between the GDR and the Soviet Union, saying that this line is to start operations in 1986 and to reach full capacity in 1989. He adds that for the CEMA countries at large a transport program is under preparation to facilitate the handling of the constantly increasing exchange between the CEMA countries.

In conclusion Gerhard Weiss informs his audience about the coordination of the national economic plans of the CEMA countries. "It has been decided that we will begin in 1983 to coordinate the plans for the period from 1986 to 1990; the stages have been stipulated in CEMA." Plan coordination is the "principal method for socialist economic integration," Weiss states.

RZECZPOSPOLITA ON POLISH ISSUE AT CSCE MEETING

LD031524 Warsaw PAP in English 1137 GMT 3 Jan 83

[Text] Warsaw 3 Jan -- Recalling the contribution made by the Polish delegation to the Madrid CSCE review meeting, the newspaper RZECZPOSPOLITA wrote today that Poland hoped the forthcoming 7th round of the meeting to produce a balanced document strengthening stability and security in Europe.

The daily's correspondent in Spain said:

"Polish diplomacy takes the indisputable credit for not allowing the Polish issue to be exploited as a pretext for blocking the Madrid debate."

The Polish delegation, the despatch went on to say, demonstrated the patient readiness to elucidate on the situation in Poland and on the intentions of the Polish authorities in view of the martial law suspension.

It also kept underscoring the principal fact that the CSCE Final Act gave no one any mandate to instruct the Polish people who they should resolve their own problems.

"The Polish delegation's high professional standard and imaginative and flexible negotiating approach have ensured for it a participation in the often sensitive and confidential talks which may have a decisive bearing on the course of the 7th round resuming February.

"The Polish delegation wants to help the forthcoming round to be the final one and one that will adopt a balanced document strengthening the security and stability in Europe," concluded the government daily's correspondent.

ATA COMMENTS ON WARSAW PACT MEETING

AU131118 Tirana ATA in English 0900 GMT 13 Jan 83

[Text] Tirana, January 13 (ATA) -- The Committee of the Defence Ministers of the Warsaw Treaty member countries began its proceedings in Prague. No report has been given on the agenda of this meeting, but the fact that it is held right after the summit meeting of this treaty clearly speaks of its aims. This "war council" is convened to carry into effect the tasks set by the Kremlin at the Prague meeting last week, proving in this way the reports that the military problems constituted the main target of this meeting.

Dictated by the patron, the present meeting, too, of the defence ministers is presided over by the Soviet militarymen who command the Warsaw Treaty forces, the Marshals Ustinov and Kulikov. As reported, Kulikov also delivered a special report at the summit meeting of the pact and held at that time special talks with his East European counterparts. It has also been reported that recently he has visited Moscow's vassal countries. Everything proves that the Soviet social imperialists are intensifying their warmongering activity and the armament race with the U.S. imperialists engaging more actively on this road their Warsaw Treaty vassals. In the light of this activity there come more clearly to the fore the demagogic character and the falsity of the worn out slogans and "proposals", repeated by the Kremlin at the recent meeting of Prague, which aim at lulling to sleep the European peoples and to lower their opposition against the warmongering policy of the two superpowers.

The reports on the Soviet plans to reorganize and modernize the occupation troops in Eastern Europe, to increase the number of missiles and other nuclear weapons in these zones also testify to the aims for which Moscow gathered the defence ministers of vassal countries. Kremlin aims at strengthening its domination in the socalled "socialist community", to stamp out every dissatisfaction and nonobedience by its "allies".

PEOPLE'S ASSEMBLY TO CONVENE 28 JANUARY

AU121950 Tirana Domestic Service in Albanian 1900 GMT 12 Jan 83

[Text] In accordance with Article 77 of the Constitution, the Presidium of the People's Assembly of the People's Socialist Republic of Albania has decided:

To convene the People's Assembly in the second session of the 10th legislature on Friday, 28 January 1983, at 1700 hours [local time]. This decree goes into force immediately.

Tirana, 12 January 1983
Decree No 6699

On behalf of the Presidium of the People's Assembly: [signed] Ramiz Alia, chairman; Sihat Tozaj, secretary.

SECOND NUCLEAR POWER PLANT UNDER CONSTRUCTION

AU130929 Sofia BTA in English 0815 GMT 13 Jan 83

["Faster-Then-Set Rates of Power Generation Development" -- BTA headline]

[Text] Sofia, Jan 13 (BTA) -- At present the economic policy of Bulgaria is aimed at the development of power generation at rates faster than set. Specialists have expressed the opinion that this policy will ensure the meeting of the country's demands of electric energy, which in 1985 will amount to 5500 kilowatt hours per capita and in 1990 -- to 6600 kilowatt hours, while in the year 2000 the amount will jump up to eight or nine thousand kilowatt hours. This year the electric energy consumption per capita of the population will amount to 5000 kilowatt hours, which is tantamount to the level of the developed European states and a level which considerably exceeds that of the average world indices.

Particular attention is paid in Bulgaria to the development of atomic power generation. At present 1760 megawatt atomic capacities are operating in the country. Bulgaria is the second socialist country, after the Soviet Union, building a nuclear reactor with a capacity of 1000 megawatt. When it becomes operational the reactor will generate more than 6 milliard kilowatt hours of electric energy annually, which is the amount generated by all the Bulgarian power plants in 1961. The atomic power plant in Kozloduy will have two such reactors. In the years of the ninth five-year period (1986-1990) the nuclear reactors of a second atomic power plant, the construction of which has already been started, will have begun operating with a total capacity of 4 thousand megawatt.

ASSEMBLY ENDORSES PACT, SOVIET PEACE PROPOSALS

LD130008 Prague CTK in English 1804 GMT 12 Jan 83

[Text] Prague [no date as received] -- Foreign committees of the House of Nations and the House of the People of the Czechoslovak Federal Assembly endorsed at their joint session here today the appeal of the Supreme Soviet and the CPSU Central Committee to parliaments, governments and nations, and the Political Declaration of the Warsaw Treaty Political Consultative Committee.

"Expressing the will of the voters, deputies identified themselves fully with the peace proposals in the two documents and gave them their unconditional support. They expressed their approach to the vital question of peace in vehement condemnation of the actions of the militarist forces, posing a threat to world peace and life on the earth."

"The foreign committees of both houses of the Federal Assembly expect that the offer of the socialist countries to open talks with NATO states will not be rejected, and that their representatives will adopt appropriate constructive positions which would bring about the desired progress in the process of phased disarmament, especially nuclear, in expanding cooperation and in generating confidence between states, with a view to ensuring a peaceful future for mankind." Ambassador Ilja Hulinsky briefed the committees on the proceedings at the Madrid meeting of Final Act signatories.

Jakes Praises Socialist Efforts

AU121314 Prague TRIBUNA in Czech No 52 29 Dec 82 p 4

[Speech by Milos Jakes, Presidium member and secretary of the CPCZ Central Committee, delivered at the First Congress of the Union of Czechoslovak Architects held in Prague on 19-20 December 1982]

[Excerpt] We are realizing bold, constructive tasks in complex international conditions. We are witnessing a continuing aggravation of international tensions whose fundamental cause is the aggressive militarist course of world imperialism, above all of the United States. This course is the reaction to the historical changes in the world correlation of class forces to the benefit of socialism and progress which occurred at the time when the policy of detente was asserted by the socialist states and other peace forces as the determining factor in international relations.

The ruling imperialistic circles have decided to respond to the marked growth of the influence and authority of real socialism in the world, as well as to the significant successes of other currents of the world revolutionary process. They are trying to reverse this -- for them unfavorable -- development, above all, by pursuing a policy from the position of strength. Therefore the endeavor aimed at upsetting the military-strategic parity and gaining superiority over socialism has become the key component of their policy. Imperialists are foisting upon the world a new round of feverish armament. They are introducing into their armaments new nuclear missiles weapon systems, which -- by their parameters -- are unequivocally destined for the so-called first nuclear strike.

The target of their concentrated attack is, in the first place, the Soviet Union as the mainstay of all the world's progressive and revolutionary forces. Official representatives of the United States and other NATO states speculate with the idea that the Soviet Union's economic potential is incapable of sustaining the new round of feverish armament. At the same time, imperialism has been undertaking actions aimed at weakening the unity and cohesion of the entire world socialist community.

Imperialism reacts irritably also to the successes achieved by the liberation forces in the developing countries in their efforts for social progress and democratization of the economic and political life.

The key counterbalance to the aggressive policy of imperialism is the Soviet Union and the other countries of the socialist community, which will not permit the military-strategic parity to become upset and imperialism to gain military superiority. A mighty factor which counteracts the aggressive course of imperialism disturbing international relations is the active peace policy of the Soviet Union, reaffirmed in the speech of Comrade Andropov, CPSU Central Committee general secretary. Developments show that by its convincingness it is gaining an even greater support among all peace-loving forces in the nonsocialist world.

Standing by the side of the Soviet Union and the Warsaw Pact states, we will not cease the struggle for world peace and social progress with the conviction that there exists in the world today a mighty peace potential unprecedented in history and that with united forces we will succeed in defending world peace. We expect that you, too, will continue in your everyday work and in your international contacts to actively contribute to this vitally most important goal.

PROTOCOL WITH PRC SEES 50 PERCENT TRADE INCREASE

AU121318 Prague RUDE PRAVO in Czech 11 Jan 83 p 2

[CTK report: "On the Exchange of Goods Between the CSSR and the PRC"]

[Text] Prague, 10 Jan (CTK) -- An agreement on the exchange of goods and payments between the CSSR and the PRC for 1983 was signed at Zbraslav Castle on Monday. Compared with 1982, it foresees a 50 percent increase in the overall turnover of goods exchanged between the two countries.

Within the framework of this agreement, Czechoslovakia will deliver to the PRC various metallurgical products; trucks; chemical products; textile, leatherworking and tanning machinery; medical appliances and other products. The Chinese side will export to Czechoslovakia some raw materials such as tungsten concentrate, fluoride, talcum powder, bristles, horse hair and various types of consumer goods and foodstuffs -- rice; vegetable oil; pork, canned fruit, vegetables and meat; tobacco and cocoa powder.

The agreement was signed by Miroslav Bursa, CSSR deputy minister of foreign trade, and Chen Jie, PRC deputy minister of foreign economic relations and trade.

Li Tingquan, PRC ambassador to the CSSR, was also present.

EUROCOMMUNIST 'MISUSE' OF PCI FOUNDER REBUKED

AU121518 [Editorial Report] Prague TRIBUNA No 52 in Czech of 29 December 1982 on pages 8 and 9 carries a 1,600-word article by Milada Smejcova and Maya A. Chuyeva entitled "Why Do They Pit Gramsci Against Lenin?" The article responds to the attempts of "revisionists" to "misuse" the work of the founder of the Italian Communist Party [PCI] Antonio Gramsci "in order to 'sanctify' the theory of the so-called 'third path' and to make him the father of 'Eurocommunism'."

Because they are afraid of Gramsci's "revolutionary tenacity," the authors says, "revisionists" are linking his name with the theories of Bernstein, Marcuse, Adorno, Austro-Marxism and Eurocommunism and try to portray him as a "philosopher who was drawn into politics quite by accident." They also "distort the basic thrust of Gramsci's work -- to build from the PCI the decisive revolutionary force by way of its bolshevization."

Smejcova and Chuyeva assert that Gramasci was a Leninist, that "his work proves wrong all the exponents of 'Eurocommunism,' 'Austro-Marxism' and other revisionist currents who are creating the myth about Gramsci as a 'predecessor of third paths'." They say: "Gramsci formulated and answered the most important questions of the revolution: By what means does the ruling class aid its execution of power? Why is it that the ideas of the ruling classes are the prevailing ideas and what can be done to weaken and break this domination? The conclusion he reached was one that contemporary 'Eurocommunists' reject out of principle. He asked what must be done to bring about a system of alliance of various political and social groups the political, ideological and moral hegemony of the workers class as a prerequisite for seizing and executing workers' power."

According to the authors, Gramsci was also "a long, long way from the fatalism typical of the theorists of the 'third path' who incessantly speak about the 'iron inevitability' of history, only to be able to deduce from this that the party does not have to and the masses must not be the main protagonists and revolutionary transformations.

"In the center of Gramsci's interest was the question of the hegemony of the proletariat in a proletarian revolution as a prerequisite of its victory. He consciously developed the tradition of the Leninist mode of thinking."

Elaborating further on Gramsci's affinity with Lenin, the article says: "Gramsci perceived the hegemony and dictatorship of the proletariat in a Leninist way, not as a 'dissolution' of the state of brute force but as a prerequisite for coming to terms with this state. Gramsci was inspired by the exampel of the Bolsheviks not only with respect to the theory about the hegemony of the workers class and its bonds with other strata but, in particular, with respect to their stress on the need for a revolutionary party as the key instrument of action. Such a party never becomes extinct in mass movements but, on the contrary, operates in them in such a way as to determine the direction and lead them forward." The "theorists of the third paths," who pit the Leninist concept of class hegemony, the article concludes," part ways with Leninism and, hence, also with Gramsci's work."

Smejcova and Chuyeva also challenge the Eurocommunist claim that Gramsci regarded the tactics of what he called "trench warfare" as the only feasible strategy of revolution. In their view, this concept merely represented an application of the Leninist strategy of revolution "under new conditions." Lenin, like Gramsci, the authors stress, "made the use of certain tactics of revolution contingent on a concrete analysis of the specific situation." They concede that Gramsci regarded "trench warfare," a protracted struggle for people's minds, as necessary in advanced capitalist countries but add that he did not consider it the only possibility.

Summing up, the authors say: "Gramsci's work demonstrates that there has not been and cannot be any 'third path' in the era of imperialism. There is only one solution, well-tried by theory and practices: by way of dictatorship of the proletariat, toward the classless communist society."

CARDINAL TOMASEK, PATRIARCH NOVAK CALL ON HUSAK

AU121107 [Editorial Report] Prague RUDE PRAVO in Czech on 11 January 1983 on pages 1 and 2 carries a 4,000-word CTK report entitled "For the Prosperity of the Socialist Homeland." The report gives an account of the delegations of party bodies, state agencies, CSSR regions and cities, social organizations and various institutions and media that visited Prague Castle on 10 January to congratulate Gustav Husak, general secretary of the CPCZ Central Committee and CSSR president, on his 70th birthday.

The report mentions that the well-wishers included "representatives of churches and religious societies" and goes on to say: "Cardinal Frantisek Tomasek and Miroslav Novak, patriarch of the Czechoslovak Hussite Church, expressed appreciation for the good relations between the Czechoslovak state and the churches. Representatives of the federal leadership of the Pacem in Terris Association of Catholic Clergy and of the regional leadership of the Christian Peace Conference in Czechoslovakia presented to him letters of greetings.

"In his reply, Comrade Husak emphasized the importance of unifying all forces in the struggle for peace and a happy life of the working man. He expressed appreciation for the fact that, in cooperation with all people of good will, the church representatives want to contribute to averting a world nuclear catastrophe."

'CRITICAL' SHORTAGE OF RUBBER IN 1982 REPORTED

AU131140 Bratislava VECERNIK in Slovak 11 Jan 83 p 3

[Interview with Engineer Jozef Majsky, deputy commercial director of the Bratislava Matador enterprise, by Juraj Tuvec: "Products Need More Resourcefulness"]

[Excerpt] [Majsky] Last year should not repeat itself. The whole of the first half-year of 1982 was critical, particularly as regards deliveries of rubber from abroad. In the end we had to resort to substitute rubber products. We found out only on 25 January that instead of the requested quantity we would get only 2,500 tons, which meant a deficit of almost 2,000 tons of the synthetic rubber we needed. Moreover, even that guaranteed quantity was not reaching us regularly, and it is obvious that this seriously disrupted the flow of production. In the end we used domestic raw materials, but their quality is not up to the foreign product. That also meant modifying the technological processes to a certain extent and there was a certain risk that the final product might be of inferior quality. We were fighting such problems for 8 long months; only in September 1982 did the situation begin to improve when we received 1,620 tons of synthetic rubber through the Omnipol foreign trade organization.

FISCHER LAUDS CLOSE TIES ON CUBA'S NATIONAL DAY

LD122354 East Berlin ADN International Service in German 1613 GMT 12 Jan 83

[Text] Berlin, 12 Jan (ADN) -- GDR Foreign Minister Oskar Fischer has described the Treaty of Friendship and Cooperation between the GDR and Cuba signed in May 1980 in Cuba as the solid foundation for the successful deepening and consolidation of the fighting alliance between the two peoples. Fischer was speaking at a reception given in Berlin today by Julio Garcia Oliveras, the Cuban ambassador, to mark his country's national day. Oskar Fischer and Julio Garcia Oliveras praised the close, fraternal cooperation between the GDR and Cuba, which had continually deepened since the establishing of diplomatic relations 20 years ago.

USSR MINISTER OF CONSTRUCTION MATERIALS VISITS

AU121317 East Berlin NEUES DEUTSCHLAND in German 11 Jan 83 p 2

[Summary] Berlin (ADN) -- "On Monday Wolfgang Junker, GDR minister of construction industry, received for a friendly talk Aleksey Yashin, USSR minister of construction materials industry." On this occasion he briefed the guest from the USSR on the achievements and results of the GDR construction industry in the past year and on the plans and projects for the future housing program. Both ministers also discussed questions of deepening the further cooperation.

Minister Yashin had arrived in the morning for a visit of several days in Berlin. He will visit enterprises of the construction industry and building sites in the Erfurt, Suhl and Neubrandenburg Bezirke and have an exchange of experiences with engineers and scientists on questions of rationalization and the effective use of energy in the production of building materials.

HOFFMANN SCHEDULED TO ADDRESS RALLY 16 JANUARY

AU102041 East Berlin NEUES DEUTSCHLAND in German 8/9 Jan 83 p 1

[Text] The Berlin Bezirk SED leadership, the Berlin Bezirk FDGB Executive Committee and the Berlin Bezirk National Front committee are calling the Berlin working people to a militant rally on the 64th anniversary of the murder of Karl Liebknecht and Rosa Luxemburg at the socialists' memorial in Berlin-Freidrichsfelde. The speaker will be Heinz Hoffmann, member of the Politburo of the SED Central Committee and minister of national defense.

The militant rally will be held on Sunday, 16 January 1983, at 0900 hours under the slogan "In the Spirit of Karl Liebknecht and Rosa Luxemburg for Socialism and Peace -- Against Imperialist Intensive Armament and War."

CORRESPONDENT EXPELLED FOR 'ESPIONAGE' ACTIVITY

LD122002 Warsaw Domestic Television Service in Polish 1830 GMT 12 Jan 83

[Text] Here is an official communique.

The security services of the Ministry of Internal Affairs obtained information that Ruth E. Gruber, U.S. citizen and correspondent of the American press agency, UPI, was to receive material from Gdansk containing secret information.

It was ascertained that on 11 January of this year, the ticket collector on the Kaszub express train, Leokadja Potocka, while at Warszawa Zachodnia railway station, passed a parcel to Anna Olszewska, employed by UPI. The parcel was contained in two envelopes. One of them bore the address of Ruth Gruber. The parcel contained two films with data related to problems connected with the defences of the Polish People's Republic. In connection with the discovery of this parcel of espionage nature, addressed to Ruth Gruber, the organs of the military prosecution instigated penal proceedings. Anna Olszewska said in evidence that she received the parcel from Gdansk from the train ticket collector on instructions from Ruth Gruber.

The relevant authorities decided to discontinue prosecution proceedings against Ruth Gruber for espionage, considering that she had no criminal intentions. However, the gathering of intelligence materials constitutes an obvious infringement of the privileges granted to press agency correspondents accredited to our country.

Ruth E. Gruber, UPI representative, has had her accreditation withdrawn. A decision has been adopted expelling her from the territory of the Polish People's Republic. The Ministry of Foreign Affairs has launched a sharp protest on this issue at the U.S. Embassy in Warsaw.

BROCHURE PUBLISHED ON WESTERN PRESS DISTORTIONS

LD121542 Warsaw PAP in English 1416 GMT 12 Jan 83

[Text] Warsaw 12 Jan -- "Panopticon of Nonsense or Poland 1982 in the Distorting Mirror of the Free Press" is the full title of a brochure prepared by the Government Press Office which has just been published by the POLISH AGENCY INTERPRESS. The authors review the reaction of Western press correspondents and commentators to the declarations of martial law in Poland and the way their reporting on Poland was changing. "At first the reports coming from Poland reflected shock and expectation but were also tipped with a measure on common sense. But later the tone of the Western press changed rapidly and what was written about Poland could well be called a 'festival of honor'," say the authors of the brochure. "Correspondents and commentators vied with each other giving ever bigger numbers of allegedly killed and arrested persons, descriptions of repressions and pictures of the most atrocious tortures to which detainees were said to have been submitted. These were the favourite themes of Western reports in the first few weeks of martial law, but later they were replaced by descriptions of various forms of opposition in Poland," says the brochure. For over half a year Western correspondents supported the main U.S. thesis alleging that what was going on was a confrontation 'of the entire nation with the authorities', the whole society supports Solidarnosc and the military and militia, it was claimed, will side with the opposition," the brochure said.

Western correspondents eagerly used every scrap of material supplied by political opposition in Poland but they either omitted or distorted information depicting the progressing normalisation in the country. Rumours and slander also appeared often in Western reports," said the authors.

"We do not expect journalists of the 'free' Western press to identify themselves with the Polish reason of state but we have the right to expect most of them to abstain from repeating common lies and spreading misinformation," say authors of the brochure in conclusion.

The booklet which is on sale at newsagents was also presented to foreign correspondents in Poland.

We do not claim that all of the 5,000 Western correspondents who came to Poland between 1980 and 1982 abused our hospitality to cable gossip, slander, or lies from Poland. However, also editors of some papers considered respectable and reliable are busy falsifying information about Poland. The Poland of 1982 biasly portrayed by the allegedly free press is some more or less unspecified land of Poles, a land created in some Western newsmen's fancy and based on their wishful thinking.

Part of the allegedly independent and objective Western newsmen were guided in their work by morbid anticommunism, with major differences in their knowledge and competence [words indistinct] many of them showed ignorance in matters not only relating to Poland but to Europe at large. A considerable proportion of them simply fulfilled the orders of their sensation-hungary bosses, while those a little more honest among them admitted and continue to admit that they acted under pressure from their editors, who demanded specific, biased [word indistinct].

Mass media in the United States, France, the Federal Republic of Germany, and Great Britain are in the lead as regards the flood of misinformation aimed against Poland, though examples from other countries can also be found. All in all, over 40 Western mass media are listed on the Polish Government Press Bureau's list in this respect.

ZOLNIERZ WOLNOSCI COMMENTS ON RFE ACTIVITY

LD121610 Warsaw PAP in English 1448 GMT 12 Jan 83

[Text] Warsaw 12 Jan -- Referring to Polish Solidarnosc-affiliated oppositionists who are active in the West, ZOLNIERZ WOLNOSCI today said that "those redeemers of Poland who had chosen to stay in the West, all of them as a rule, were clients of Z. Najder's firm [word indistinct] the Polish section of Radio Free Europe. "They said what knew, were rewarded with a tip and bidden good bye. That is not the place for sentiments. Only a few of them fared better, such as Magda Wojcik, former secretary to Lech Walesa, for that matter. That 'patriot' is now among people of her kind. Utter debasement is the only term which fits the description of the whole matter."

The paper went on to say that "the Radio Free Europe team is now busy trying to resurrect certain myths and symbols. The greatest hullabaloo is raised round the Polish Herostrates who, incidentally, has become the grave-digger of his own union. The hot-headed hero of sad notoriety, unsupervised closely by his advisers and spokesmen without whom he appears to be at his wits' end, continues to exhibit his political infantilism. Proof of this is the irresponsible interview he granted the FRG weekly BUNTE [DIE BUNTE ILLUSTIERTE]. "It might be interesting to know what he actually thinks of the activity of Radio Free Europe and Z. Najder," ZOLNIERZ WOLNOSCI said further. "But as far as our adversaries are concerned, let them remember that played-out trump cards are of no earthly use."

PAP CITES POPE ON PLANNED VISIT TO POLAND

LD122358 Warsaw PAP in English 2010 GMT 12 Jan 83

[Text] Rome 12 Jan — Pope John Paul II, speaking during his weekly general audience today, referred to his scheduled visit to Poland.

He said that "at the beginning of this year I cannot not think about my visit to Poland. I have spoken about it several times already. I know that appropriate preparations are under way, which I treat with respect and gratitude."

LEADERS CONGRATULATE HUSAK ON 70TH BIRTHDAY

AU121642 Warsaw RZECZPOSPOLITA in Polish 10 Jan 83 p 1

[Text] To Comrade Gustav Husak, general secretary of the CPCZ Central Committee and president of the CSSR, Prague:

Dear Comrade Husak, on behalf of the Central Committee of the PZPR, the Council of State of the Polish People's Republic, Polish communists and the whole Polish nation, we send our cordial congratulations and best wishes on the occasion of your 70th birthday.

Your many years of party and state activity are inseparably linked with the struggle for the rights of the Czech people, their national and social liberation, for the extensive development of Socialist Czechoslovakia, in all spheres.

With your untiring life-long efforts you have contributed much to the fulfillment of the idea of social justice, international solidarity between working people, the strengthening of brotherly bonds between Socialist Czechoslovakia and the community of socialist countries, as well as to the struggle for peace and friendship between nations.

Polish communists and all our people value you as an outstanding political activist and statesman, an internationalist and a sincere advocate of the constant development of fraternal relations and all round cooperation between our parties, states, and peoples.

On your 70th birthday, we heartily wish you, dear Comrade Husak, health and further success in your work for the good of the people of Socialist Czechoslovakia and the cause of socialism and peace.

Wojciech Jaruzelski, Henryk Jablonski. [no titles given] Warsaw, January 1983

WALESA TO RETURN TO WORK AT GDANSK SHIPYARDS

NC131135 Paris AFP in English 1131 GMT 13 Jan 83

[Text] Warsaw, Jan 13 (AFP) -- Lech Walesa, former leader of the now-dissolved Polish independent trade union Solidarity, said today he would return to work at the Lenin shipyards in Gdansk from tomorrow. He felt his place was "among the people" who had given him their confidence, he said in a statement read over the phone by a colleague at his home. Mr Walesa, who was released from detention last November 14 after nearly a year, would report for work at the shipyards at 11:00 a.m. tomorrow, with his statement in the form of a letter to the management, the colleague said.

Noting that he had now completed his "holidays," Mr Walesa said in the statement: "I am going back to where I came from. I am going back to the cradle of Solidarity, with the conviction that my place now is among the people who have given me their vote of confidence. I remain solid with all my comrades, and above all with those who are imprisoned, (or) have lost their work, with all those who have remained faithful to our common ideals. I continue to want to fight by peaceful means for the achievement of the universal will of the workers, as expressed in the agreements of Gdansk, Szczecin and Jastrzebie. I am convinced that sooner or later we will achieve our aim."

CENTRAL PARTY CONTROL COMMISSION PRESIDIUM MEETS

AU130827 Warsaw ZOLNIERZ WOLNOSCI in Polish 7 Jan 83 pp 1-2

[PAP report: "Session of the Central Party Control Commission Presidium"]

[Text] On 6 January there was a session of the PZPR Central Party Control Commission Presidium. Certain aspects of the activity of the voivodship party control commission and that of primary level party control commissions in 1982 were analyzed and proposals formulated aimed at increasing the effectiveness of their work. These proposals concern tasks connected with the strengthening of the party's ideological, political, and organizational unity on the strength of Marxist-Leninist principles, as a basic prerequisite ensuring the successful implementation of the resolutions of the ninth extraordinary PZPR conference.

The Presidium focused particular attention on discussing the results of the check carried out in eight voivodships concerning the activities of the party control commissions in plants. The Presidium emphasized the need for a further consolidation of the role of party control commissions in plants and the improvement of the forms and methods of their work. Attention was drawn to the absolute necessity for the main administration of the Party Control Commission to also intensify their preventative and educational activities, as well as those whose aim is to support the economic reform by resolutely opposing bad management, waste, and disregard for public property. It was stated that the task of the main administration of the Party Control Commission is also to jointly form, together with PZPR plant committees, a suitable atmosphere in enterprises and by so doing consistently combat all phenomena relating to bureaucracy, favoritism, and an improper approach to the affairs of working people. The Presidium approved the draft prepared for the seventh Central Party Control Commission plenum and resolved to convene the plenum on 13 January 1983.

MALINOWSKI CHAIRS COUNCIL ON FOOD ECONOMY

LD122314 Warsaw PAP in English 2011 GMT 12 Jan 83

[Text] Warsaw, 12 Jan -- Poland's Council on Food Economy underscored here today that on its way to self-sufficiency in food production including grain imports cuts, Poland would have to find ways to modernize and restructure fodder crops in favor of high-protein varieties, and economize on fodder use. In its first session this year, the council chaired by Vice-Premier and United Peasant Party Chairman Roman Malinowski pointed to the need to change the current structure of crop use under which Poland has to process over 70 percent of its total plant crops into animal feeds. The council also heard an Agricultural Ministry's report on steps being taken to reverse downward trends in animal breeding.

MOCZAR NOTES PROBLEMS IN REFORM IMPLEMENTATION

LD121530 Warsaw PAP in English 1425 GMT 12 Jan 83

[Text] Warsaw 12 Jan -- In an interview for the Polish press agency PAP, the chairman of the Supreme Control Chamber (NIK), Mieczyslaw Moczar, said that NIK inspectors examining introduction of the economic reform in industrial enterprises in 1982 discovered many negative phenomena which occurred in the first phase of introduction of the reform as a result of negligence and improper implementation of government decisions. What was striking in particular was that wages were not linked to the effects of work and prices were set at a level which was not justified by costs actually borne by the enterprise.

A report on the state of rolling stock prepared by NIK last year shows that situation in this area is almost catastrophic. To a marked degree this has had an impact on the efficiency of the railway transport, renders the task of railwaymen very difficult and also adversely affects the effectiveness of the economy as a whole.

Last year NIK also inspected the standard of health protection of the population, conditions of work safety and hygiene, as well as the activity of the school and kindergarten network. Mieczyslaw Moczaw pointed out that although Poland had a relatively modern industry and young well-trained manpower, labour productivity was low. What is often missing is conscientious and dedicated work. A necessary requirement to upgrade the economy, said he. NIK inspectors have also come across phenomena which border on negligence and ill will. As far as only negligence is concerned the situation can be quickly remedied using disciplinary measures, but when ill will is the case harsher methods must and will be resorted to.

In 1983 NIK inspectors will focus their attention above all on selected socio-economic problems of special importance for normalization of the production processes and gradual animation of the economy, as well as these sections of public life which cause much annoyance to the ordinary citizen, said the NIK chairman.

DRUG ADDICTION: 'NEGATIVE SOCIAL PHENOMENON'

AU121300 Warsaw RZECZPOSPOLITA in Polish 10 Jan 83 p 8

[PAP report: "Krakow -- a Center of Drug Addiction"]

[Text] Militia statistics show that there are about 1,500 drug addicts living in Kradow. In reality this figure is considerably higher because the statistics only include persons who have broken the law in various ways because of drugs. Last year alone, as many as seven deaths were noted as a result of an overdose of drugs, in other words suicide. Some 236 persons can be classified as total addicts.

These figures make Krakow a definite "drug spearhead" in Poland. This is encouraged by the fact that the city is a great national and international tourist center, to which several millions of visitors come every year. At the same time the nature of the soil and the climate around Krakow encourage the growing of poppies and Indian cannabis. The seeds of these plants hav been smuggled in from the West by tourists and foreign students studying in Wawel Castle. Successful attempts at producing drugs from "domestic raw materials" also occur. Cases of illegal morphine production have been noted, as well as, and this especially recently, requent cases where the most dangerous drug, heroin, has been manufactured. For heroin makes one addicted to it after the third dose, which one must not forget, and craving for this drug is practically incurable.

Most drug addicts are between the ages of 18 and 25, and have elementary or secondary education. Only 300 of the abovementioned 1,500 registered drug addicts are undergoing treatment. According to the Krakow militia, the situation is becoming quite alarming and demands immediate countermeasures, not only operational countermeasures but preventive ones as well. The large number of crimes, mainly thefts of intoxicants, burglaries, forging of documents and so on, can obviously be partly attributed to drug addition as a crime-inducing phenomenon. There are also more and more frequent cases where drugs are used to stupify a person before proceeding to rob or rape that person.

In the opinion of the leadership of the Ministry of Health and Social Welfare, drug addiction is one of the greatest threats to health in Poland today. It is estimated that there are 100,000 to 120,000 persons in our country who have permanent or periodic contact with intoxicants. The Ministry of Health reckons that 86 percent of these are not over 30 years of age.

The end of the seventies especially brought a growth in this negative social phenomenon. Ninety percent of the drug addicts in our country satisfy their craving by resorting to "home production" of opium preparations. The remaining 10 percent mainly swallow various kinds of chemical substances, cleansing agents and other things. The greatest danger in this phenomenon can be observed in large conurbations -- Warsaw, Gdansk, Katowice, and Krakow.

All kinds of activities are being undertaken aimed at controlling drug addiction. The premier has set up an interministerial team for preventing and combatting drug addiction; chemical substances which could be used in the illegal manufacture of intoxicants have been withdrawn and the turnover of psychotropic drugs has been brought under special control.

With the aim of helping addicts, six treatment and rehabilitation centers have been established with the help of MONAR [Mlodziezowy Ruch Na Rzecz Przeciwdzialania Narkomanii (Youth Movement to Counteract Narcomania)] and several more are being organized. Advisory centers and specialist departments in health clinics are acting jointly with these centers. Hospital beds have been allocated in all voivodships. One sees hope that the phenomenon of drug addiction will be controlled by the forthcoming adoption of a law which gives the state a monopoly over the production and supply of poppy seeds, and by the amendment to the law on intoxicants, drugs and poisons. The appropriate documents should be discussed by the Sejm in the coming months.

LE FIGARO ASSESSES DILEMMAS OF POLISH SITUATION

PM121437 Paris LE FIGARO in French 11 Jan 83 p 4

[Bernard Margueritte dispatch: "Poland Locked in Vicious Circles"]

[Text] Warsaw -- The authorities intend to release 1,400 of the 1,500 existing political prisoners "very soon." All will apparently shortly benefit from pardons, not an amnesty.

On the other hand, following the trial of leaders of the Confederation for an Independent Poland [KPN], active preparations are under way in Warsaw for the trial of the five leaders of the Workers' Self-Defense Committee [KOR] and then the seven Solidarity leaders. "A firm line in this matter," government circles argue, "will, however, make it possible to show clemency toward the other political prisoners." They add that the statements made in the West about possible death sentences for political prisoners "are pure fantasy."

At the same time Central Committee organ TRYBUNA LUDU has revealed that from 1 March 1982 to mid-December 4,166 Poles, including 1,228 internees, applied for an emigration passport. It specifies that 500 authorizations have been granted, but that only 144 people have been able to leave because the Western countries proved reluctant to grant them visas.... According to these figures more than 10 percent of all internees had resigned themselves to exile, despite the firm stance adopted by the Solidarity leaders opposing that possibility. For instance, one of them, historian Adam Michnik, writes in a pamphlet which is being secretly circulated: "The offer of emigration is a challenge to the Solidarity movement by the government apparatus -- a political and moral challenge. The Solidarity officials who now choose emigration are committing an act which is both capitulation and desertion."

In addition I have just learned that Tadeusz Grabski, chairman of the realities clubs and leader of the party neo-Stalinists, has just received a "reprimand with warning" -- the final sanction in the party before expulsion; in addition, a professional penalty has been inflicted on Mr Grabski for leaving his post as commercial adviser to East Berlin without permission to take part in a press conference in Warsaw. Furthermore, the Central Committee bimonthly ZYCIE PARTII has launched a strong attack on Mr Grabski's ideas. It accuses him of indulging in "factional" activity which "is weakening the party." The views expressed in an open letter from Mr Grabski are a "slap in the face" to the 2 million party members. Indeed Mr Grabski does not care about the nation's aspirations and is calling for the "counterrevolution" to be crushed with much more brutality. For ZYCIE PARTII that is nothing but a "refusal to take reality into consideration." The hardliners' leader wants a strict purge of the party, as if it was not enough, the newspaper continues, that it has lost "one-fourth of its members, in other words 750,000 members and candidate members" in 2 years.

No Program

All these decisions show that the government intends to maintain its "centrist" line, but does it really have a program? A prominent official told me frankly: "Do not ask what our vision of the future is, at present we are busy enough trying to solve problems day by day." Indeed the government seems increasingly to be at the center of a series of insoluble contradictions.

For instance it is now faced with a conflict between Mr Baka, minister responsible for economic reform, and Mr Obodowski, deputy prime minister responsible for the plan. "This is not surprising," my government interlocutor told me. "The former wants to save the theory of the reform and in practice the latter must attend to the most urgent things first." Mr Baka is right to recall that, without a serious economic reform, recovery will be impossible, but Mr Obodowski is also right to show that central decisions are necessary to avoid the worst at the height of the crisis. But then the reform itself is impeded. This is a vicious circle.

In the medium term, economic development is being hindered, on the one hand, by increasingly inadequate supplies of soviet oil and gas and, on the other hand, by the Western sanctions. Exports are scarcely enough to pay the interest on the debt. They cannot be increased because industry is running at low capacity because of a lack of raw materials, components, and spare parts from the West. But Poland cannot buy them because it cannot have any more credit and its exports are inadequate. That is a vicious circle.

The government intends to democratize the system and reform state structures but it cannot afford to take risks. It talks of reforms, and it cannot implement them without a minimum of credibility and participation by the nation. But at the same time it is pursuing a fierce struggle against "the antisocialist forces" and the political trials are removing from it any chance of regaining a semblance of credibility. That is a vicious circle.

The authorities realise that it is impossible to overcome the chaos without a degree of national accord and the establishment of a true partnership with society's vital forces. But at the same time, out of a fear of possible dangers, they are eliminating all the authentic independent social forces (Solidarity, intellectuals' and artists' associations and so forth). By doing that they are removing the very possibility of maintaining real dialogue. That is a vicious circle.

Thus the present Polish situation seems to be a network of vicious circles and, in fact, it is scarcely possible to see by whom or how they might finally be broken.

SCINTEIA DESCRIBES ROMANIA'S DISARMAMENT ROLE

AU111937 Bucharest AGERPRES in English 1900 GMT 11 Jan 83

[Socialist Romania Militates Firmly for Disarmament" -- AGERPRES headline]

[Text] Bucharest, AGERPRES 11/1/1983 -- On January 11 SCINTEIA carries an extensive commentary headed as above, highlighting that Romania has turned the implementation of disarmament into one of the programme-like, priority targets of her entire international activity. Substantiated in the documents of the RCP, reasserted strongly at the National Conference, Romania's consistent stand on disarmament has materialised in a series of initiatives of ample international reverberation, reads the newspaper while insisting that latest developments throughout the world have brought forward new elements in support of the ideas and suggestions set forth by Romania in the field -- at a time of growing interstate contradictions, deepening economic crisis, recrudescence of the manifestations of the policy of force and dictate, of interference in the domestic affairs of other states, when old conflicts persist and new ones emerge -- the unprecedented intensification of the arms race is one of the factors having led to a considerable worsening of the international relations, to enhancement of the danger of war, inclusive of a nuclear war. In the light of this reality Romania believes that a great responsibility is incumbent on the socialist countries -- toward their own peoples and the peoples of the entire world -- namely to be in the front ranks of the struggle for disarmament.

As seen by Romania and her President Nicolae Ceausescu, of decisive importance for the enstatement of a climate of detente would be the endorsement of effective measures for halting the arms race, first of all the diminishing of the military budgets. Such an approach would meet the interests of all states and peoples. The socialist countries believe that if, for a start, no more than just a part of the material and financial resources earmarked at present for arming were turned to productive uses, the socialist and communist construction would be speeded up considerably. At the same time in the case of the capitalist countries, faced with serious social and economic problems, particularly under the present economic crisis -- one of its gravest consequences being the tens of millions of unemployed -- the reduction of the military spending would mean important funds for relaunching the economic activity. The same stands true for the Third-World countries whose resources, already limited, are amputated through their commitment to the arms race.

Romania believes that a passage to a freezing of the military spending at the level of the present year and then a passage to curbing them might be a first stage -- a decisive one -- in the initiation of a true disarmament process. At the initiative of President Nicolae Ceausescu Romania tabled -- at the UN sessions held in recent years -- a series of resolutions, that were endorsed, highlighting the necessity of passing to a reduction of the military spending.

These consistant demarches have found a new telling expression in the "Disarmament Programme" presented, under instruction from President Nicolae Ceausescu and based on the mandate entrusted by the Grand National Assembly, at UN special session devoted to disarmament last summer.

The newspaper then shows that in the package of Romanian proposals a central, priority place is held by the nuclear disarmament issue, precisely due to the fact that the continuous quantitative and qualitative increase of the nuclear weapons entails, for the first time in the human society's history, the danger of destruction of the whole civilization built along millennia.

Given this reality, Socialist Romania, in the spirit of the profound humanism characteristic of her whole policy, addresses a rousing appeal to action for the undelayed removal of these serious threats against the fundamental right of people, of nations: the right to life.

The programme suggested by Romania pursues the immediate cessation of the production of nuclear weapons and the passage to the gradual reduction of the existing stockpiles, till their complete liquidation, the banning of all nuclear weapons, of any mass destruction weapons. In this sense, Romania attaches great importance to the negotiations between the Soviet Union and the United States for the reduction of the strategic weapons.

Referring to the proposals on disarmament in Europe, SCINTEIA writes: Without underrating the need for a balance of forces, emphasizing instead permanently this need Romania considers that the equilibrium should be achieved by reducing the weapons down to a lowest possible level instead of increasing them. An equilibrium really serving the peoples' interests of peace should not be sought upwards, by intensifying the arming, but downwards, by continually reducing them.

All these requirements call for the beginning of direct negotiations between the Warsaw Treaty countries and the NATO countries with respect to disarmament and the removal of the danger of war, idea to be found also in the declaration of the Political Consultative Committee of the Warsaw Treaty participating countries. Its translation into life would be of wholesome consequence to the international situation as a whole, opening vistas to the passage to actual measures for cutting the weapons, for disarmament.

Answering President Nicolae Ceausescu's exquisite peace initiative, the Romanian people, the daily concludes, has got engrossed in the peace movement, through great actions and demonstrations all over the country, through the 18 million signatures laid down on the appeal addressed to the UN special session on disarmament, convinced as it is that the peoples do have the power to induce the halting of the course toward catastrophe, to ensure the peace.

RELATIONS DISCUSSED WITH VISITING UK OFFICIALS

Meeting With Andrei

AU122013 Bucharest AGERPRES in English 1940 GMT 12 Jan 83

[Text] Bucharest, AGERPRES 12/1/1983 -- Romanian Foreign Minister Stefan Andrei met on Wednesday, January 12, with Julian Amery, deputy to the House of Commons of Great Britain, representative of the Conservative Party, now on a visit to Romania. Opinions were exchanged on the Romnian-British relations as well as on international questions of mutual interest.

Roundtable Presentation

AU122014 Bucharest AGERPRES in English 1942 GMT 12 Jan 83

[Text] Bucharest, AGERPRES 12/1/1983 -- A round table was held at the headquarters of the Association of International Law and International Relations in Bucharest on January 12, when Julian Amery and Robert Cranborne, deputies to the House of Commons of Great Britain, representatives of the Conservative Party, presented the exposition on Romania and Great Britain -- Evolution of Bilateral Relations. Attending were professors, researchers, representatives of the Ministry of Foreign Affairs, and journalists. Present were Paul Cecil Henry Holmer, ambassador of Great Britain in Bucharest, and members of the Embassy.

EAGLEBURGER ARRIVES, MEETS WITH OSTOJIC

LD121156 Belgrade TANJUG Domestic Service in Serbo-Croatian 0958 GMT 12 Jan 83

[Text] Belgrade 12 Jan (TANJUG) -- Lawrence Eagleburger, under secretary for political affairs in the U.S. Department of State, has arrived for a short working visit to our country. Mirko Ostojic, deputy federal secretary of foreign affairs, and Lawrence Eagleburger had talks today in the Federal Secretariat of Foreign Affairs. Their exchange of views covered a broad circle of topical international issues. In analyzing the existing trends of bilateral cooperation Mirko Ostojic and Lawrence Eagleburger noted the good development of bilateral relations and meaningful contacts held regularly between the ministries of foreign affairs of the two countries.

STAMBOLIC TO HEAD DELEGATION TO NEW DELHI SUMMIT

LD130058 Belgrade TANJUG in English 1642 GMT 12 Jan 83

["Pool" item]

[Text] Belgrade, January 12 (TANJUG) -- President of the Presidency of Yugoslavia Petar Stambolic will head the official Yugoslav delegation at the seventh summit of nonaligned countries in New Delhi from March 7 to 11. The above was decided here Wednesday at a session of the Presidency of Yugoslavia chaired by Fidoje Zarkovic.

The delegation will consist of member of the Presidency of Yugoslavia Cvijetin Mijatovic; Federal Secretary for Foreign Affairs Lazar Mojsov; member of the League of Communists of Croatia Central Committee Presidency Josip Vrhovec; Vice Premier Zvone Dragan; President of the Federal Social Council for International Relations Nijaz Dizdarevic; Undersecretary at the Federal Secretariat for Foreign Affairs Miljan Komatina; and Yugoslav Ambassador to India Danilo Bilanovic. The session also discussed information on Stambolic's forthcoming visits to Indonesia and Burma.

TV SHOWS ATTENDANCE AT 29 DEC PRESIDENCY SESSION

AU121501 [Editorial Report] Belgrade Domestic Television Service in Serbo-Croatian at 1830 GMT on 29 December carries a 1.5-minute film report on the 29 December session of the SFRY Presidency which was presided over by Petar Stambolic. The film shows that the following -- listed here according to the seating order at the usual doughnut-shaped table from left to right -- attended the session: Vidoje Zarkovic; Fadilj Hodza; Petar Stambolic; Vuko Dragasevic, secretary of the Presidency; Lazar Kolisevski; Sergej Kraigher; Cvijetin Mijatovic; Radovan Vlajkovic; an unknown man; Nikola Ljubicic, president of the Serbian Presidency; three unknown men; Admiral Branko Mamula, federal secretary for national defense; an unknown man; and Lazar Mojsov, federal secretary for foreign affairs, shown sitting in the last seat in that section of the table.

Stambolic Greets Husak

AU121644 Belgrade BORBA in Serbo-Croatian 11 Jan 83 p 11

[Text] Belgrade -- On behalf of the SFRY Presidency, Petar Stambolic, president of the SFRY Presidency, has sent a telegram to Gustav Husak, president of the Czechoslovak Socialist Republic, expressing cordial greetings and best wishes on the occasion of the latter's 70th birthday.

PLANINC ADDRESSES SFRY ASSEMBLY ON ECONOMY

AU091730 Belgrade BORBA in Serbo-Croatian 31 Dec 82, 1-3 Jan 83, pp 3-5

[Speech by Milka Planinc, president of the Federal Executive Council, at a session of the SFRY Assembly in Belgrade on 30 Dec]

[Text] I do not intend to repeat and rehash the well-known assessments about the deeper causes, internal and external, which have led to such grave disturbances in our economy. They were assessed by the 12th LCY Congress and they were particularly worked out in the starting points of the long-term economic stabilization program, which were also discussed by the SFRY Assembly and adopted as a basis for determining the development and economic policies. I also would not go into detailed explanations of the development resolution for 1983, for this was discussed at length in the past days at sessions of the Assembly chambers and their working bodies.

I only wish, in light of the assessments made and the direction determined, to point out some key problems on which our attention was concentrated in determining economic policy for the coming year -- a policy whose implementation will determine whether we, the society as a whole, will be able to stop the negative trends in the coming year and to attain the necessary goal which signifies the beginning of a way out of stagnation.

When we were drafting the resolution for 1983, numerous contradictions appeared in connection with the manner of drafting it and with the material analysis of our situation and the assessment of the opportunities for a better and more successful development. This is in fact a reflection of our situation. There was a clash between, on the one hand, inertia in drafting the document according to the set scheme and methodology, which to a considerable extent expresses the old way of planning and, on the other, endeavors to analyze and quantify the real situation and, in conformity with our system, to provide answers on how to begin a fresh approach to key problems in 1983. The fact that new proposals were being made in the SFRY Assembly up to the last moment reflects this situation, but I would say that it also reflects the decision that we will not reconcile ourselves with inertia. The Federal Executive Council is of the opinion that we reached more realistic calculations only toward the end of the drafting of documents and that we face joint work even after the documents will have been adopted in the Assembly, so that -- considering the complexity of the situation -- we constantly check and supplement everything that we have agreed upon and accepted, and that we adopt the necessary measures in practice to realize our main tasks and goals.

The Federal Executive Council is aware -- and I would like to state this in the SFRY Assembly, too -- that the proposed plan document does not yet fully and consistently implement the provisions of the Constitution, the Law on Associated Labor and the Law on Planning. We still lack realistic starting points provided by the basic organizations of associated labor, the republics and provinces, on the basis of which we could draft the plan. The opinions heard to the effect that associated labor organizations, the republics and provinces have made good progress in preparing amendments to the medium term development plan until 1985 must be taken with reservations. As the Federal Executive Council can see, the planning of expanded production and of foreign trade -- I have in mind the plans drafted by economic subjects within the Yugoslav Economic Chamber and the plans drafted by the republics and provinces -- do not provide, either in their social relationships or the qualifications shown, the necessary foundation for realistic planning on the federal level. In many respects these drafts are still plans of desires from basic organizations of associated labor onwards.

The quantifications are not based on their own labor and the association of real interests with other self-managing subjects but on a demand that the gap in the desired material development basis be filled by an abstract society, a social community, large or small, which as you know -- if our Constitution and our stabilization program are to be consistently implemented -- does not possess any material means for expanded production and should not possess them, Milka Planinc continued.

In connection with the most difficult and, at this moment, the most delicate problem -- trade with foreign countries -- the collection of republican and provincial plans prepared in this manner shows that no one has any surplus of foreign exchange and that many of these plans are still at a stage when they even claim the right to a deficit. This means that we have not yet reached that point at which possibilities and needs are harmonized through association for export production, but that someone else -- which means the federation and it is irrelevant whether it is the Assembly or the Federal Executive Council -- should provide the necessary foreign exchange, which does not exist. The Yugoslav Economic Chamber has, according to the branches and groups, prepared a plan which, as regards import demands, still greatly exceeds the sum shown in the projection of Yugoslavia's balance of payments. In these plans there is again talk about great possibilities, while the demands for foreign exchange or the dinars are addressed to someone who cannot create these funds.

Calculations Correct, Plans Still Unrealistic

As regards the overall indicators and the picture of our situation, the calculations contained in the draft resolution are correct, I think, and are thus a realistic basis for decisionmaking. However, the starting points of this plan are still not those realistic relations and links among the basic organizations of associated labor and other associations which must exist in joint production and in joint earning and distribution of income. The plan is still to a great extent a collection of fragmented parts of self-managing economic subjects that are not mutually linked. It is reduced to the real dimensions which necessarily arise from a global assessment of trends and possibilities. The more the plans of the basic organizations of associated labor and of the republics and provinces are removed from real possibilities -- their own and those created on the basis of association -- the more our common plan will have a restrictive effect when all the necessary provisions are reduced to realistic proportions.

I am saying this for two reasons. First, I would like to draw attention to the fact that the real work connected with the preparation of plans, particularly the medium-term plan, is still ahead of us. In the republics and provinces, as well as in the federation we must take the necessary initiatives and organize the linkage of the organizations of associated labor on the basis of production and income. Thus, the basic organizations of associated labor will -- according to the logic of common interest -- begin to solve the vital questions of work conditions. The economic policy measures must proceed from this and not only from an assessment of global trends. Second, I would like to express the conviction that only in such a situation will we discover and utilize many internal reserves which are hidden in material and human possibilities, which have not yet been sufficiently utilized and which we cannot calculate with any computer. These are enormous reserves if we take into account a better utilization of capacities and social resources in general, initiatives and creative work of workers, the entire social work productivity, saving and economies, increased employment and so forth.

When we determined the directions of development and economic policy for 1983, we had to analyze thoroughly the material frameworks within which we can move. It is within these frameworks, which are -- as you know, very tight -- it is necessary to seek opportunities for a way out of the stagnation. The material facts indisputably prove that there is a vast gap between what has in recent years been established as common social consumption -- in the economy and in social and personal consumption -- and the real values we are creating. Taking into account the changes in the world economy due to the crisis, we must be aware of the fact that in the near future we will not be able to overcome this gap within 1 year even with great self-denials. It is indisputable that for years we have lived with additional money obtained from abroad and that we have developed beyond the results that we have achieved. The consequences of this is that, not only in 1983 but for some years ahead, we will have to organize our life in such a way that we will consume less than we create, because the time has come when our obligations to foreign countries have reached approximately 10 percent of the social product.

In these circumstances, when obviously there are no opportunities for all our desires and needs, also those that are justified, we had to decide in favor of an unavoidable reduction of all forms of consumption. We also had to decide in favor of a strategy which in the course of this reduction opens up the necessary opportunities for production, particularly that intended for export. It is only on this basis that we can establish a balance between our opportunities and needs and at the same time create a perspective for further development.

The enormous investment wave which reached its culmination in 1979 has been diminishing during the last 2 years. This has happened primarily because of a combination of a conscious social action and economic and administrative measures. As you know from the data, this picture varies in the republics and provinces. Some republics and provinces, with their results, have already followed our stipulations and reached a realistic state, while in other republics and provinces we still note alarming growth. In 1983, we must achieve what we have all agreed everywhere and with all means, and also with consistent responsibility to the whole community. We must reduce the volume of investments by 20 percent, and this, irrespective of the past trends, must not mean a linear reduction.

The resolution for 1983 foresees a considerable reduction of investments. The resolution is concentrated on finishing projects which have been started in the electricity-generating industry, on increased coal production and on increased production of ferrous and nonferrous metallurgy and of the basic chemical industry, the further development of railroads, and on implementing the maximum development program of the agriculture and food industry. The data offered by planners show that altogether approximately 220 billion dinars are provided for investments in this economic branch. With regard to the situation in previous years, this is really much less but, as you see, it nonetheless accounts for a large part of the accumulation, which is very modest this year. It is not a good thing that we have not progressed much in connection with the social relations upon which the accords on large joint development projects are based. As you see from the resolution, as well as from the documents on a common credit-monetary policy, we still rely on a self-managing agreement of banks as a way for directing money to the agreed points of development. If we know how far away we still are from transforming banks into institutions in which the organizations of associated labor would play a decisive role, then we must also be aware of the far-reaching effect of our decisions in connection with defining the role of workers in the basic organizations of associated labor in expanded production.

Naturally, we cannot settle this question only here, in the SFRY Assembly. The resolution of this question depends on how self-managing relations in expanded production develop in specific mutual contacts among the basic organizations of associated labor in the republics and provinces. It also depends on to what extent, in settling questions of the common economic policy in Yugoslavia, the interests of the organizations of associated labor are expressed and organized according to common interests.

It is also a question of to what extent we will find the opportunities in the remaining part of the accumulation for a decisive role of workers in the basic organizations of associated labor. From this share, will everything also go for investments of "a general social benefit" without the decisive role of workers? Or will we leave everything -- also that which we are already building or which we are yet to begin to build, whether it is a large or small investment -- to the decisions of those who, according to the Constitution, have a right to and who are obliged to decide on this.

There Is No Money for Expensive and Slow Construction

In this connection I want to say that our objective material circumstances force us to give up megalomania also in our behavior, because we cannot build everything that, according to our judgement, we need and that is useful for us. In the coming period we simply have no funds for expensive investments, those which call for long term spending, slowly yield returns, or which in the end do not have the planned effect.

Irrespective of whether what is involved is the utilization of domestic sources, the replacement of imports, the great needs for infrastructure or the like, we must very purposefully utilize the part of accumulation that we have. We must utilize this accumulation according to the criteria of what yields a more rapid earning of income, a faster inflow of foreign exchange, a faster provision of jobs and the like. We must admit that the social organs which so far have been decisive in creating the development program cannot produce such a program either by their objective position or their way of deliberation. It is only the accumulation in the hands of producers that can produce the necessary changes in this orientation. The interest of producers leads to investing and removing bottlenecks in utilizing existing capacities, to organizing the kind of production which quickly yields new income on the basis of work recognized on the domestic or foreign market. In the next, difficult year it will be of decisive importance whether we will arrive at the necessary turning point in development policy and in the policy of using the social accumulation. This is a turning point which, in the future and with smaller investments, would give us results in increased production, a better utilization of capacities in which huge social funds have been invested, and the creation throughout the country of small modern organizations for producing goods which are in short supply on our market or whose production can find a place on the world market. This is not just a short-lived concept resulting from need but, viewed on a long-term basis, the precondition for our more harmonious development. The legitimate development processes are heading in the direction of the utmost modernization of production. This production should be organized in large and composite organizations and systems having a widespread network of production organizations which at a different level of technology and organization meet the demands of large industry and the constantly growing needs of people.

State Funds Do Not Solve Employment

In such an orientation the problems of young people, particularly young experts, will be resolved more quickly. There is simply no long-term solution for young people who are leaving schools en masse by a simple juggling of figures on the rate of growth and employment without finding and activating all internal reserves of the society. I am firmly convinced that a solution is not in increasing some state or parastate employment funds. We have experiences and we know the fate and effectiveness of such funds alienated from producers. Solutions should be sought in the manner and direction of overall social accumulation and in the constitutional obligation of the employed workers to create the conditions for work of new coming younger generations. It is necessary to support those initiatives of young people which aim at organizing and mobilizing young people, particularly the unemployed, so that they themselves, within the framework of social possibilities, will make new initiatives to organize productive and other socially necessary and useful work.

Proceeding from a clearly established constitutional obligation of the already employed workers on the basis of social funds, I believe that the young unemployed people should also be given in a legal way the right to organize work on the basis of the existing, but now unutilized or under-utilized social funds. And we know very well that such unutilized or under-utilized machinery, apparatuses and the like exist, so to speak, in every plant, in every factory and in the work organizations of social activities. With such an additional right to unutilized social funds, the interest communities for employment, with the funds they have at their disposal, would be able to really become self-managing interest communities in which young people, together with the already employed workers, would find the opportunities for creating the conditions for their work. In our system the institutions which have developed and which are still functioning as state "labor exchanges" are an anachronism and cannot provide a solution for this difficult social problem. In many circles this problem has become a subject of social action. Many actions have been taken and some of them have yielded results. However, I beleive that all this is still insufficient, that it takes place as a campaign. We must do everything possible so that the employment of young people would become a component part of development policy, and that also in the economic system we would spell out the practical obligations of those employed and the right of young people to work with social resources to meet social needs. Despite the remnants of the past which influence professional orientation, most young people accept or will have to accept the fact that the prospect of our society is in developing production and creative work in the broadest sense of this word, and not a swelling of the apparatus of officials ranging from the basic organizations of associated labor to the state organs. Because of our responsibility for the young people's future we also must much more resolutely remove weaknesses in the system and structure of education. Society's development calls for a more flexible system of education which directs and opens up broad prospects to young people for work and creative work.

Disturbances in Foreign Trade Relations

Comrades, if we examine all indicators of our development in the past period and analyze our obligations in the foreseeable future, then it, nonetheless, results that the greatest disturbances in our economy, including those in excessive investments, have occurred in foreign trade relations. These disturbances were partly caused by foreign factors, in the changed conditions in the world economy.

First, there is the increase in the price and imports of oil (and of certain other raw materials): The share of oil in our overall imports before the oil crisis of 1973 amounted to 2.6 percent, while now it has reached 18 to 24 percent. In addition to the increase in prices, the fact that oil imports in 1979 were nearly triple those of 1972 has contributed to this.

Second, our financial liquidity in recent years has been additionally burdened by the sharp increase in interest rates. It is estimated that in the past 4 years (1979-1982) the effect of increased interest rates totaled some $2.5 million (namely, we would have paid that much less had the interest rates remained the same as in 1979). In a situation when our overall inflow from the convertible currency area on the basis of exports of goods and services totals some $10 billion it is clear that this blow has disturbed all our foreign exchanges balances. According to the current balance of payments, and this will also be the case in 1983, we pay some $2 billion for interest rates per year, and thus we can import that much less.

Third, in the meantime the world economic situation has increasingly assumed characteristics of recession, and thus our exporters have faced increasingly more difficult conditions which had to be met in order to ensure an expansion of exports and thus also the funds for the repayment of debts and for a normal course of production.

Also, in the 1976-1980 plan period, the convertible currency debt increased $11 billion, which means that at the end of this plan period the debt was nearly three times larger than at its beginning. At the same time the exports of goods and services to the convertible currency area had only doubled and its annual value at the end of that period was only $5 billion larger than at the beginning. In other words, during those 5 years the debt annually increased by an average of $2.2 billion, while the export of goods and services increased by an average of $1 billion.

In such a relationship between the increase of debts and exports -- when the foreign money was not used to contribute to an increase in exports to an extent that would ensure the repayment of debts and production -- the debts that matured, together with interest rates, have left increasingly less scope for imports. In 1975, for instance, the repayment of debts swallowed some 50 percent of the convertible currency inflow; in 1979, some 60 percent; while in 1982, it is assessed that over 80 percent of the foreign currency earnings from the export of goods were used for repaying debts.

The investment cycle, linked with a rapid increase in indebtedness, culminated in 1979. That year the social product increased 7 percent, while the country's consumption was 10 percent higher than social product, and thus a record deficit in the overall balance of payments ($3.7 billion) was incurred. Later, our country's economic policy was directed at reducing the deficit and, as is known, this deficit has been really reduced during the past 3 years. However, at the same time, the overall debt has not been reduced because the short-term credits-- with which, in the absence of our own foreign currency inflow, we tried to meet the increased obligations and needs for imports — have been considerably increased. In that period new obligations also arrived because of considerably increased interest rates, and thus the gap between earned income, increased obligations and needs has increased even more. The overall convertible currency debt of our country now totals some $18 billion.

Why Was 1982 So Difficult?

In 1982, for the first time, the new convertible currency borrowing did not significantly exceed the sum of loan repayments (and for this reason the short term debt was reduced by some $500 million); because of a reduced volume of new loans we have not increased the country's overall debt. The conscious action society and objective needs contributed to this. Because of the trends in the world, the general lack of confidence and reluctance on the part of debtors resulting from an ever more frequent delay in the repayment of debts, we have remained without that necessary, purposeful support from abroad which would enable us to overcome our difficulties more easily. For this reason, the year 1982 was so difficult, dramatic, and restrictive even to supply the economy and people with basic necessities.

As a developing country, Yugoslavia has, in addition to engaging its own forces and resources, ensured its dynamic and impressive development by utilizing additional accumulation from abroad. Yugoslavia has completely changed its economic map. Many new and modern factories, agricultural plants, institutions of health, science, culture and sports and many infrastructure projects were built. The social and personal standard of people throughout the country has increased at an accelerated rate. However, the strategic mistake in economic policy was that for years the policy of production development favored domestic consumption, while underrating the need for expanding exports, particularly to the convertible currency area. It is here that the greatest structural disturbances have occurred, and this is the main cause of our difficulties, of our vulnerability, particularly while the world is being disturbed by a crisis. Instead of strengthening the share of our economy in the international division of labor by accelerated development, this share has been becoming constantly smaller.

Opening Toward the World

The level of the Yugoslav economy's inclusion in the international division of labor is very low and it does not correspond to the level achieved in the economic development of the country. The share of our exports in world imports was reduced from 0.53 percent in the 1966-1970 period to merely 0.44 percent in the 1976-1980 period (and to 0.23 percent in 1980 alone). Imports of goods are double the amount of exports, and the inflow of foreign exchange through invisible trade (excluding workers' remittances) can not able cover the trade deficit. It is indisputable that we have developed as a country, but obviously we have isolated ourselves more and more and thus have failed to establish an equilibrium in our trade with the world, which is necessary for any sound economy. Of course I do not think that the reason lies only with us, the internal factor. It is not easy to overcome the obstacles and restrictions with which the developed economies fend off the penetration of others in their markets. But it is a fact that for years we have followed the path of least resistence. We have set and conducted an economic policy which through isolation protects any kind of production and low productivity. Only those who had to do it have gone into the struggle to win markets, and they have been insufficiently supported and stimulated with economic policy measures. We have lacked the courage intentionally to expose our industry and social economy to the influence of the developed economies of the world, but now we must do so. This is an indispensable precondition so that we may all together continue to develop successfully in our social situation. This is clearly discussed in the starting foundations of the long-term economic stabilization program; it is assessed that this will be a long and painful process, but it is also clearly perceived that this is the only correct way for our further development.

As regards the social relations in this field of economic life, it is a fact that -- in addition to the earlier assessments about a considerable alienation of the sphere of economic relations with foreign countries from the producers -- we have been late in building the mechanisms by which, under the conditions of indispensable decentralization and reduction of statism [deetatizacija], we should have ensured material and other responsibility and obligations of those who make decisions in this field.

The foreign exchange market which, because of the lack of the export inclination, received less and less foreign exchange from real exchange inflows and more and more from fresh borrowing abroad, objectively ceased to function when this borrowing no longer was possible. However, the earlier attitude continued to prevail so that the right to borrow abroad did not at the same time mean an obligation to repay the loans within the contracted period. Many took fresh loans without an obligation to generate foreign exchange inflows. They expected that all this would be paid from the unified foreign exchange market when this is reestablished. Of course, it was not possible then and it is not now, nor would it be good to establish a unified foreign exchange market which only establishes the right to take but not also the obligation to generate foreign exchange inflows which would supply this market.

Some Laws Are a Nuisance, But Also a Necessity

The establishment of republican and provincial balance of payments positions, as federally planned and determined fixed commitments in Yugoslavia's balance of trade and balance of payments, transformed these positions into closed balances of trade and balances of payments, which made the situation even more difficult, limited the necessary circulation of foreign exchange in the country and prevented a normal development of business and self-managing relations among organizations associated in the unified Yugoslav market.

The so-called little foreign exchange law and the crude oil law, adopted in 1982, were an expression of the necessity that something be done to ensure the necessary level of our responsibility toward the fixed and guaranteed obligations toward foreign countries and to provide crude oil and coking coal in the quantities necessary for the functioning of production and of society. You know that they have not worked in the way foreseen. In the general shortage of foreign exchange, basic organizations of associated labor, commercial banks and the majority of the republics and provinces found ways to evade the fixed commitments so as to provide at least a minimum of foreign exchange for production. The results of inflows during the year show that the expected effects had been unrealistically planned. These laws caused much nuisance and they were the crudest form of distributing foreign exchange. It is difficult to say, however, that this could be avoided. With an additional exhaustion of the foreign exchange reserves at the National Bank of Yugoslavia and with great difficulties and supply restrictions, we have nevertheless provided so much oil that no major disturbances occurred in production. It has been jointly agreed with the republics and provinces that in the coming year we will again provide constant sources of foreign exchange from the real foreign exchange inflow, along with some possible additional arrangements, for the most successful provision of crude oil and coking coal. With great efforts and at the cost of reduced production, in the course of 11 months this year, we repaid more or less regularly our commitments to foreign countries exceeding $4 billion.

These negative experiences must be avoided when we determine the economic policy for 1983. It has been obviously shown that it is no good to practice solidarity in losses even within a republic or a province, and particularly not country-wide. It has encouraged many economic subjects and banks simply to submit their bills to others for payment. What failed to appear was their necessary responsibility and their action to find a way to solve the problems of their commitments either through increased exports or through relations with their partners.

Negative Experiences, a School for the Future

The picture of our dinar liquidity is not much better than the foreign exchange one. A general picture of the situation shows that in the first 9 months of 1982, current losses exceeded 50 billion dinars, and uncovered claims amounted to 180 billion dinars. Debt repayments due but not paid amount to about the same sum and the majority of them concern investment loans. The exchange-rate differences are piling up and have now reached a sum of about 400 billion dinars. In addition to all this, the guarantees arising from anticipated inflows to finance investment have reached 230 billion dinars. These internal deficits vary in nature but cause each other. Some of these deficits are not covered and others are covered by inflation.

In any case, the program of stabilization and of implementing the export strategy in the coming year demands that domestic spending should fit within the material limits available. This means that it must be reduced by about 10 percent — under the assumption that production will not be reduced -- because it must be ensured that foreign commitments are fulfilled. If we do not do this by our conscious action, inflation will take care of harmonizing spending with real possibilities. This implies that the process of a gradual but resolute liquidation of the internal deficit should be started.

In the resolution we have also set the task that all economic subjects -- basic organizations of associated labor and commercial banks -- and sociopolitical and interest communities should begin to determine the real state of their mutual obligations, and that they should determine a program of how to overcome the situation in which spending runs above real possibilities. This should be a priority task, showing the responsibility for the stabilization of the overall financial flows in our community.

This shows that from the viewpoint of building our system on the basis of the Constution and the Associated Labor Law, we are lagging a great deal as regards solving the question of the financial systems as a whole and, within these systems, the credit and monetary policy and the policy of bank lending. Basically we have retained the system and the machinery of controls from the times of the centralized state funds and we have developed insufficiently new and more efficient forms of self-managing social control at all levels. However, self-managing relations are running their course. They live and they are developing regardless of our slowness in constructing an adequate machinery. Decisions on investment, working capital, and personal and social spending are now made in thousands of places. It is obvious that the direction in which solutions are sought cannot lie in hampering self-managing relations and in returning the decisionmaking on social development to one place. The way out lies in adjusting all the relations and machinery to those new relations -- including the monetary and credit system and the banking system.

When one analytically poses the question of how it was possible, since the adoption of the Constitution and the Associated Labor Law, that a "lack of discipline" or spending without real cover has made such inroads in two spheres which are essential for a harmonious development of society -- foreign exchange and dinar liquidity -- one must reply that it is precisely in these fields that we have lagged in making the necessary adjustments of the system and the machinery of social control to the new role of the producers which was granted to them by the Constitution and the Associated Labor Law in social reproduction in general.

It is a fact that the numerous existent internal imbalances, numerous acquired rights which continue to flourish but have no material cover, and many unrealistic ambitions in the sphere of expanded production and public and common spending objectively make proper and efficient solutions difficult to find. However, we must swallow this bitter fruit, the sooner the better. Therefore I think that the discussions in the social councils on the basic approach to and the practical solutions of this burning social problem have been going on for a long time.

We should find the strength to eliminate the vacillations and to construct practical solutions and machinery on the basis of self-management so that the financial system functions more efficiently. In the absence of such legal solutions, the SFRY Assembly and the Federal Executive Council are jointly forced to adopt intervention laws and administrative restrictions this and next year. We must do this in order to prevent uncontrolled trends in this field and to impose from outside the necessary discipline and restrictions because this is not incorporated in the system itself. However, we know that this is not sufficiently effective because it acts after disturbances that occur and it is not sufficiently stimulating because it has a linear effect.

Financial System on Self-Managing Foundations

Not waiting for the final formulation of the system, we will seek pragmatic solutions and mechanisms which should not basically disturb the reproduction trends resulting from self-managing relations. These are solutions and mechanisms with which, and with an appropriately increased role of the National Bank of Yugoslavia and the Social Accounting Service, no decisions on funds will be made to spend money that has really not been created. We must build a system and mechanisms in which producers, and banks as their associations, will be certain to be able to control the funds for production and development if these funds are an expression of actually realized values and if they will be certain that the organized social mechanism will prevent and punish them if they try to spend without cover. Under such conditions self-managing relations will depend less on interventions by outside factors, while economic policy measures will be more economic and less administrative.

I believe that we are facing the responsible task of finishing up the system as soon as possible and of building a system suitable to self-managing socialist relations precisely on the key points of functioning of the financial system as a whole. To the extent that we ensure this we will be able to bring the policy and measures of the sociopolitical communities, particularly of the federation, within its proper constitutional functions. The situation is now different. On key points of the functioning of the financial system where, in order to protect self-management and social funds, the activity of the state organs, particularly of the federation, is vital we have not ensured an effective functioning of these organs. At the same time, so to speak, with our decisions and measures we encroach daily on the live production trends and change the work conditions. Thus we introduce a great dependence of the economic subjects on these decisions and an uncertainty into their operations.

Comrade delegates, all this and other elements were decisive in seeking solutions on how to plan development and economic policy in 1983. The fact that this year is ending with a drop in production, lower exports and with considerably exhausted reserves, both foreign exchange reserves as well as generally modest reserves for production and for supplying the people, makes everything more difficult. It was particularly difficult, practically impossible, to make proper calculations for the first and second quarter of 1983 because of the well-known unevenness in the dynamics of foreign exchange inflow and because of the imperative to find at the beginning of year the possibilities for production, particularly production for export, to find the necessary support, impetuses to find a way out of the negative trends that are already causing concern. It was more difficult to find solutions because it is precisely in the first part of the year that huge obligations will mature, while the foreign exchange inflow will be small.

There were many negative elements to draw conclusions from as regards any possible opportunities for the further support by foreign countries for our program of economic stabilization. In this situation the Federal Executive Council decided and proposed to the SFRY Assembly changes in the resolution to further reduce the payments and foreign exchange balance and to determine realistic frameworks with all the inherent consequences for domestic consumption and production potential. The orientation has remained unchanged wherein an expansion of exports together with extreme sacrifices in the sector of domestic consumption is the only chance to ensure the most necessary imports for reproduction and to maintain the country's liquidity with our own potentials and our own forces.

At the same time the National Bank of Yugoslavia and the Federal Executive Council have continued intensive activities together with international institutions, particularly the IMF and the World Bank, to ensure long-term cooperation and, with additional funds, to facilitate the realization of the economic stabilization program, the program of enabling our economy and society through their own work to achieve a balance in the relations with foreign countries and to reduce overall social spending within the limits of their possibilities.

Foreign Support for Our Stabilization

As you know the negotiations with a mission of the IMF on preliminary agreements, which are to pave the way for the final decision, successfully concluded a few days ago. There are chances that the World Bank and some other international financial institutions will positively involve themselves. Certain other initiatives and actions in the developed Western countries, with which we have the largest imbalance in trade and the largest part of our debt, are now underway. This concerns action on involving these countries in supporting our stabilization program. During January, I believe, the result of this activity will be known. The initiatives and proposals for support are oriented primarily toward commodity credits for the absolutely necessary goods to supply the people and producers goods for more successful production. All this would be a support which would make it possible to implement our stabilization program more successfully and with fewer difficulties. If this action is successfully concluded, we would have, I would say, the crucial responsibility to use all this in accordance with the policy on which we agreed. This means that we cannot relax with respect to overall social and personal spending. We would be making a disastrous and unforgivable mistake if we were to allow these additional funds from abroad to be used for domestic consumption, as happened for years. The orientation of the Federal Executive Council is that nothing should be changed in this respect, but rather, because of our future, it is necessary to extremely intensify the social responsibility for realizing consumption within the frameworks envisaged by the resolution.

All foreign funds must be fully used for strengthening our own forces to eliminate the deep disturbances in foreign trade, especially trade with the hard currency area. This means that from the very beginning of the year we should inject all possible additional resources -- financial resources and production materials -- to revive export production, so that we may in 1983 attain a much greater inflow of foreign exchange and achieve the first results in strengthening the ability of the economy to maintain its production with its own operations even in foreign trade. Likewise, we should considerably enhance the foreign exchange reserves of the National Bank of Yugoslavia and the commodity reserves of the country through harmonizing the flows to the optimum degree. These conditions should also be used for acquiring goods which are necessary for supplying the people and for ensuring better tourist facilities.

As you see all material elements for the development policy and economic policy next year are still not known. However, what we should be certain of is that the lessons of the past, as well as the perceivable future, oblige us even in the most favorable circumstances to firmly adhere to the economic stabilization program, the development strategy that we have adopted in our stabilization program.

Our trade with the East European socialist countries developed successfully on equal bases and was mutually beneficial also last year. This trade, in which the USSR occupies the most important place, followed by Czechoslovakia and the GDR, reached a level of some $10 billion both ways. In addition to the traditional commodity exchange, in recent years our construction industry has constantly developed its activity, while many of our large work collectives have made important transactions in industrial cooperation relations and in joint cooperation. The economic disturbances worldwide are also reflected in various ways in these countries, too, but this has not influenced the volume and quality of our economic relations. On the contrary we have met with understanding for our difficulties in cooperation and in solving the problems that appeared in trade.

This year, despite all the difficulties in the world economy, we have achieved an increase of 8 percent in exports to the developing countries. The developing countries are also encountering great difficulties, but many of them are making great efforts and succeeding in achieving great results in their transformation, in rapid economic development, along with increasing their awareness of the indispensability of mutual cooperation. Our economic exchange with these countries is realized at a level of about $4 billion in both directions, with the orientation toward increasing and developing toward higher and longer term forms of cooperation.

New Foreign Currency Bill -- Common Interest

In deciding the relationship in which self-managing and economic relations will be developing in the coming period, an important place is occupied by the draft amendments and supplements to the law on foreign exchange operations. Following a long discussion and coordination of views on these changes in the Commission of the Federal Social Councils for drafting a long-term program of economic cooperation, the Federal Executive Council formulated a draft bill. Regardless of the fact that this draft bill, like all previous ones, has also provoked a confrontation both in the Assembly and in the public, I believe that, if we objectively and in a politically mature way assess matters, we must note that a high level of agreement has been achieved on key problems, primarily on the position of workers in the basic organizations of associated labor as laid down in the law and as regards this kind of social funds and workers positions in decision-making on trade relations with foreign countries. Regarding the role of the republics and provinces in this system, and particularly regarding the treatment of the balance of payments positions of the republics and provinces -- which was the main reason for initiating amendments to the law -- political unanimity has also been achieved in the assessments that all the obstacles hindering the basic and other organizations of associated labor from establishing links throughout a unified Yugoslav area on the basis of their business and income interests should be removed from the law and from the machinery constructed on the basis of the law. It has not been simple, and there have been differing opinions and proposals on how, proceeding from these positions, specific machinery should be constructed for the functioning of the system.

There was a search for solutions and a discussion of these problems under the pressure of our real foreign exchange situation, which I described in the first part of my speech. Within these narrow constraints, everybody tried to satisfy his real, not imaginary, requirements. Regardless of some approaches which are essentially correct but may be applied at a later, more favorable time, the opinion prevailed in all this that, in the common interest of Yugoslavia, we must search for solutions which will encourage the interest in exports and enhance the position of exporters as regards using the foreign exchange earned for their reproduction requirements. Unanimity was also expressed about the need to create and elaborate a principle according to which only those subjects may borrow abroad who will -- by themselves or associated with others -- guarantee that they will repay the commitments made. Provisions of the law on jointly acquiring, using and pooling foreign exchange were also worked out with a clear stipulation that foreign exchange may be used only for payments abroad, and not for transactions in the country, which means that funds are acquired on the basis of speculation rather than work.

During the work on the amendments to the law a serious question arose concerning the need for greater and better organization of the basic organizations of associated labor, which are linked in a unified Yugoslav market for the purpose of organizing export business, so that they may directly influence work and decisionmaking in the Yugoslav interest community for economic relations with foreign countries. We assessed that this is an important problem but that it has not been sufficiently examined, particularly since essentially the same problem appears in such matters as development planning, formulation of a price policy and the like. We concluded that this should be thoroughly examined, that the views of the interested work organizations should be heard and that only then should the necessary amendments be introduced in this or some other law. The Federal Executive Council will organize the work in examining this problem.

It was particularly difficult and complicated to word Article 69, which determines the conditions for acquiring and using foreign exchange and the manner and the place in which the decisions are made. When all the stormy discussions about this are calmly reviewed, the differences are seen essentially to emanate from our present, objectively difficult situation, whose end can certainly be seen in a few years. If the foreign exchange inflow were balanced with our overall social requirements, no one of sound mind would propose any criteria, any preliminary obligations and essentially complex machinery for decisionmaking. The exporters would place all their foreign exchange on the exchange market if they knew that they would certainly be able to buy when they want to. And the others who do not export would not demand any "rights" if they knew that they can simply buy foreign exchange for dinars. The "conflicts," therefore, arise from the objective inability to satisfy all the most urgent needs. Because we jointly assessed that we cannot improve our overall economy without a considerable increase in exports in the coming years, we had to adopt those stipulations in the law as a whole, and in this particular article, which give first priority to the requirements of export production, the repayment of foreign obligations and the provision of the necessary energy raw materials for overall social reproduction. Of course, in all these shortages, the requirements of the population, of the nonexporting side of the economy and of the social services, as well as the functioning of the organs of sociopolitical communities must be met to a reasonable and necessary extent.

Very useful constructive proposals, especially as regards the functioning of the system, were made in the discussions up to the last day. The Federal Executive Council is prepared to study these proposals together with respective bodies of the SFRY Assembly, and if agreement is reached it is prepared to propose to the assembly, through ordinary procedure, solutions which will improve and complement the provisions of the law on the basis of its fundamental line. In this context the Federal Executive Council will carry out its obligation stemming from the conclusions of the Chamber of the Republics and Provinces regarding the need to study and to find solutions to regulate the relations of economic cooperation with the countries with which we have agreements on clearing accounts and payments.

Budget in the Spirit of Saving

There has been much discussion about the federal budget, too, for there have been many real difficulties there. As you know, administrative expenses constitute the relatively smallest part -- 7.5 percent -- of the federal budget. There was no dispute that this part is increasing much slower than the social product, at a rate agreed upon for overall public spending in the country. However, the largest times on the federal budget are the so-called inelastic items which are difficult to reduce at a flat rate or which cannot be reduced that way without grave consequences. We have agreed to provide the funds for veterans and disabled veterans pensions up to the level necessary to cover their rights as determined by laws.

We have agreed that the necessary funds should be provided for continuing the program of development and modernization of the Yugoslav People's Army, while other spending in the Yugoslav People's Army will share the fate of overall social spending. The uncertain military-political situation in the world and our internal difficulties demand much greater efforts in performing the tasks of all-people's defense and social self-protection. It will be necessary to make increased efforts to ensure the necessary stability, security and long-term view as regards material and other conditions necessary for the realization of the program of development and modernization of the Yugoslav People's Army. This is a condition for the further enhancement of the combat readiness of the Yugoslav People's Army and our armed forces in general.

The exceptionally difficult economic situation in the country is being unfavorably reflected in the implementation of the policy of accelerated development in underdeveloped socialist republics and the Socialist Autonomous Province of Kosovo. These trends, which were particularly pronounced in 1982, had an even greater unfavorable influence on the trends in the economically underdeveloped socialist republics and especially in the Socialist Autonomous Province of Kosovo.

It should nevertheless be stressed that certain positive developments have occurred in the sphere of association of labor and the pooling of resources for the sake of an accelerated development of these regions. Some 500 proposals to conclude self-managing agreements on pooling of resources within the development fund were registered last year and this year. Some 180 agreements were concluded on joint construction of projects with an estimated value of about 100 billion dinars. Nevertheless, the pooling of resources is moving slowly. Both the economically developed and the economically less developed republics and provinces must take care of this since it is in their joint interest. This process must be intensified further, for this is not only the way to the accelerated development of the economically underdeveloped socialist republics and the Socialist Autonomous Province of Kosovo, but the road to a greater role for the association of labor and pooling of resources on the Yugoslav scale. It is indispensable for this purpose that both the commitments set by law as well as the commitments arising from the self-managing agreements concluded be fulfilled responsibly and on time.

Conditions for a Faster Development of Nonaligned Regions

An unusual number of difficulties are in store for us in 1983, and they will gravely affect the economically underdeveloped regions, as they have so far. Therefore, conditions must be created for faster development in these regions compared to the average for the country. Thus the role and place of all the subjective forces, especially in these regions, are assuming particular significance. Their responsibility at this moment is tremedous. Faster development under essentially more difficult conditions will demand great efforts and a maximum utilization of all the reserves, which are not small. We will not be able to achieve the goals agreed upon without appropriate initiative and development of cooperation with work organizations from all over the country in designing development and without joint responsibility for the final results of investments which are not small.

Considering that the problems in the Socialist Autonomous Province of Kosovo are the most complicated, the Federal Executive Council, in cooperation with the Executive Councils of the Assemblies of the Socialist Republic of Serbia and the Socialist Autonomous Province of Kosovo, will shortly examine a special analysis report and will undertake and propose respective measures.

In 1983 and during the implementation of the economic stabilization program, social policy will become a significant integral part of economic policy, aimed at distributing the burden of economic stabilization as evenly as possible in the sphere of the personal and social standard of living. We are facing a period in which the economic criteria will inevitably strengthen in all the spheres of social and personal spending. There is also a policy of reducing all the aspects of spending to the limits of society's actual abilities. This will cause considerable shifting in the structure of the costs of living and a need for intervention by society tc make the adaptation to these changes easier, to protect those groups of people whose standard of living could be seriously jeopardized by these changes. In this connection, I bear in mind primarily the policy of housing construction and rents, as well as communal and other services. For instance, subsidized rents for families with the lowest incomes will become a reality and not, as in the past, a benefit which because of low rents was not used by anyone. The policy of engaging one's own resources to solve housing problems will create the need to adopt the policy of solidarity housing construction for the families with the lowest income in every collective and commune.

Drop in Real Personal Incomes

In view of the fact that we must gradually but resolutely reduce all spending, within a realistic framework, real personal incomes will on the whole continue to drop in 1983. Within this narrower framework we must even more resolutely continue to shift personal incomes for the benefit of production workers, particularly those who work under more difficult conditions, as well as creative workers. Only such a policy can free those impulses which contribute to a more rapid growth of production and labor productivity. This policy is still only slowly yielding results. In connection with this, real small class conflicts are being waged in collectives, and these conflicts in many circles cannot yield any results without the active involvement of the organized subjective forces. Without eliminating a bureaucratic and hierarchical way of thinking and without preventing a leveling in the policy of distributing income there can be no encouragement for better work and higher labor productivity.

In the intensified conditions of operations and the conditions for earning income, the taxation policy, its correct application and effectiveness, becomes an exceptionally sensitive area. As for the position of associated labor and individuals, the taxation policy must be aimed to a great extent on that income which is obtained without working.

Where Is the Way Out

In this house, at a session of the Federal Chamber Committee for Internal Policy on 15 December 1982, the state of our country's security under conditions of tense international relations and the domestic economic difficulties and contradictions was extensively and thoroughly assessed. These assessments and the tasks of social self-protection which were agreed upon are also now topical. I only want to stress that Yugoslavia's firmness and stability depends primarily on the extent to which the socialist self-managing forces are actually engaged daily on successfully solving the problems of our society and its further development on the self-managing road. Our community is facing very serious economic difficulties. This by itself must not and should not be the reason for a weakening in our community's cohesion and stability. In the past, our community's stability did not depend on whether we had it easy or difficult, but rather on whether we could assess where we were and what was in store for us, whether we had a program for overcoming the difficulties, whether we were united in this and whether we could mobilize an action by the broadest strata of working people.

This year, the struggle to preserve and strengthen the international position of independent and nonaligned Yugoslavia was waged under conditions of a deep crisis in international political and economic relations.

The international situation has further deteriorated in practically all fields. This has been expressed in the escalation of the arms race, in the increasing frequency of the use of force, in ways of thinking, in an intensification of bloc competition, in the flaring up of hotbeds of crisis and in a paralysis of most forums for international communications and negotiations.

Foreign Policy Based on Tito's Principles

Also in 1983, Yugoslavia will, in its international activities, be guided by the principled orientations thanks to which it has built its present position and reputation in the world. Proceeding from respect for independence, sovereignty and equality, the territorial integrity and inviolability of state borders, noninterference in internal affairs and a consistent implementation of international treaty obligations and the principles of reciprocity, we will make new efforts, as we have this year, for the further development of relations with the nonaligned and other developing countries, the big powers, neighbors and other European countries. We will appraise the policy of every country according to its activity on the international plane and according to its attitude toward our country as an independent, socialist nonaligned country.

Within this framework, Yugoslavia will continue to make efforts to develop a comprehensive and equitable good-neighborly cooperation with the neighboring countries. Naturally, this implies mutual goodwill and readiness to consistently respect the principles of independence, sovereignty, territorial integrity and noninterference in internal affairs. In this connection, we must say, that despite the fact that Yugoslavia has for decades been making efforts for equitable cooperation and for a normal development of Yugoslav-Albanian relations, Albania's leadership, led by Enver Hoxha, not only does not cease, but has recently escalated -- a policy contrary to the aforementioned principles. Striving for a policy of good-neighborly relations, we will also continue in the future to most resolutely oppose all attempts which undermine good-neighborly relations, peace, cooperations, and security in the Balkans and wider in the world.

Together with other nonaligned and neutral European countries, Yugoslavia will make efforts to strengthen security and cooperation in Europe. Under the conditions of resumed competition, we will make efforts at the Madrid CSCE meeting to preserve the achievements of European cooperation and we will contribute to a constructive outcome of the Madrid meeting. On the principles of the Helsinki document, we will work in favor of developing multilateral cooperation in the Balkans and the Mediterranean.

The seventh conference of the heads of states or governments of the nonaligned countries which will be held in New Delhi next March represents one of the important priorities of our foreign political activity. We are convinced that the nonaligned policy and the Nonaligned Movement will contribute to halting the further deterioration of the international situation, to the creation of the conditions for strengthening peace and security and to developing more equitable political and economic relations in the world. With this aim, Yugoslavia will try, together with other nonaligned countries, to make a full contribution to the successful work of the seventh summit meeting. We expect that under the present international circumstances the seventh conference of the nonaligned countries will extend new support to the aspirations for independence and emancipation, that it will reaffirm the action capability of the Nonaligned Movement, contribute to a strengthening of mutual cooperation among the nonaligned countries and to consolidating the role of the nonalinged policy and movement in the interdependent world, in negotiations and in solving international problems.

We will also continue our undiminished activity in the United Nations and in other multilateral organizations which wage a struggle for more just international political and economic relations. We will make special efforts to ensure the success of the sixth UNCTAD conference in Belgrade next year.

The largest burden of the world economic crisis has shifted onto the less developed and developing countries. They are especially hit by their lack of foreign liquidity. Some 30 developing countries are now in an extraordinarily difficult economic and financial situation and 22 developing countries have formally requested a reprogramming of their debts. The developing countries face a complete blockade of their foreign liquidity which prevents them from obtaining additional funds to solve their increasing economic problems.

Relations Based More Effectively on Equality -- Way Out of World Crisis

As a nonaligned and independent country, Yugoslavia has successfully traversed the road from an undeveloped state and has already made the first steps to join the ranks of medium-developed industrial countries. Together with other countries, our country continues the struggle for a way out of the deep world crisis because we are firmly convinced that the ways out of the present situation can only be found through mutual cooperation between the developed and undeveloped parts of the world on the basis of relations of equality. The deep crisis is not bypassing the developed countries either. The recession and the unemployment of some 32 million people in these countries cannot be solved through protectionism and by protecting only narrow interests. On the other hand, the debts of developing countries now amount to over $640 billion and there are no prospects for their repayment if the development of these countries continues to be blocked. The crisis has reached a level at which the world banking system, too, is threatened with a breakdown. Some recent actions provide the first signals that, in the powerful and rich parts of the world, too, the awareness is developing that there can be no prosperity for them if the rest of the world finds itself in a hopeless situation. The solutions must and can only be found jointly, in the mutual interest.

We have no illusions that this can be achieved quickly or at once, but this is the only possible direction for action. Despite the fact that Yugoslavia finds itself in difficulties, it seeks a way out of the difficulties by even more strongly opening to and linking up with the world, convinced that the permanence of its independence stems from its internal strength and stability. Having learned from experience, it will strive for a policy of reliance on its own forces as well as for relations in the world community which will contribute to strengthening every country's own forces and to strengthening those relations which will encourage the participation of all countries in the international exchange of labor on the basis of equality and contribute to strengthening the independence of every individual country separately.

It must be emphasized once again that our country's international position and reputation are the result of the efforts, struggle and activity in which we have been engaged, under Comrade Tito's leadership, for more than 40 years. After President Tito's death, too, we have confirmed that there is no force which could take us away from the road along which he led us or which could prevent us from continuing our policy. Convinced that we are primarily responsible for our role and place in the world, we will struggle to further strengthen the internal stability of our system, develop socialist self-management, and strengthen the equality, brotherhood and unity of all our peoples and nationalities and for Yugoslavia's active nonaligned foreign policy.

We are concluding a very difficult economic year. The year ahead of us will be no easier. However, I think that,with the joint forces of the League of Communists and all other socialist subjective factors, in the SFRY Assembly and in the assemblies of the socialist republics and socialist autonomous provinces, we have done a great deal, in seeking solutions for development in the coming year, to achieve political unity on all major issues. Aware of this political responsibility, we must, in accordance with, among other things, the conclusions of the fourth session of the LCY Central Committee, continue to strengthen this responsibility and consolidate our togetherness in solving the specific practical problems which will arise as we implement our adopted policy. This spirit must pervade all relations in our ramified self-managing system, the relations among workers in the organizations of associated labor and the relations among the republics and provinces. Our situation is difficult but, with joint forces, we can overcome it. The great material potential, the vitality of the self-managing system and the political unity of our community are a real force on which we are building our future prospects.

PRESS CARRIES REPORTS ON TRADE, MARKET PROBLEMS

POLITIKA: Foreign Trade Trends

AU121638 Belgrade POLITIKA in Serbo-Croatian 27 Dec 83 p 6

[Zivojin Todorovic report]

[Summary] It was estimated that this year's real growth in exports to convertible currency countries should be 12 percent as against 1981. To accomplish this, exports to West European and overseas countries from May to December should have increased more than 30 percent compared to the same period last year. Many people agree that this cannot be accomplished and that the export increase can perhaps reach only 8 to 10 percent. The value of our exports from 1 January to 30 November this year has increased 1.2 percent as against the same period last year while imports have been reduced 9.5 percent. Exports to the developed Western countries have increased 3 percent and those to the developing countries 16 percent while exports to the socialist countries have gone down 5 percent.

Imports, from the developed countries have declined 6 percent, from the developing countries as much as 18 percent, however, mainly due to the reduction in oil purchases, and imports from the socialist countries have declined 10 percent."

The best part in this overall picture belongs to the Arab countries -- that is, Iraq, Algeria, Libya and Egypt. Our exports to the Arab market account for 34 percent (13.5 percent to Iraq alone) of the total exports to convertible currency countries. In the first 9 months of this year our exports to the Arab region amounted to $1,213,000,000, which was 18 percent more than in the same period last year. The Yugoslav Economic Chamber expects these exports to increase 20 percent by the end of this year which would represent an amount of $1.5 billion. Products of the electrical engineering industry occupy the leading place in our exports to this area ($200 million) and are followed by exports of automobiles, buses and trucks (over $150 million), machine-building -- construction machines and tractors ($150 million) and so forth.

In the first 9 months of this year Yugoslav imports from Arab countries totaled $1,002,000,000, which was 3 percent less than for the same period last year and consisted mostly of oil followed by phosphates, cotton, leather and other raw materials.

In the first 9 months of this year Yugoslavia exported various commodities valued at a little less than $7,162,000,000. Out of the total exports to developing countries, 71 percent are exports to convertible currency Arab countries, while the other big importers such as Brazil -- to which our exports are less than $1 million -- Mexico, the Andean countries, Nigeria and so forth are almost totally neglected. Our exports to Western countries also account for a small part of its total value -- 15 percent of the total exports go to Italy, 14 percent to the FRG and 6 percent to the USA. A little more than a decade ago, our exports to Western countries amounted to more than 57 percent of the total value. This percentage fell considerably in 1975, came to 32 percent last year and to only 28.8 percent in the first 9 months of this year. Out of our total imports in 1970, nearly 70 percent were from Western countries and only this year could this percentage be brought down to 50 percent. Yugoslavia thus has the highest trade deficit with these countries, amounting to $2,892,000,000 for the first 9 months of this year. There are also the very high debts to convertible currency countries which have reached $5.35 billion, the interest alone totaling $2.25 billion.

We may count on remittances by our citizens working abroad and on the foreign currency inflow from tourism and transportation to help in this situation. However, the net inflow from remittances is certain to go down 9 percent as against last year, and will total $2.2 billion. According to some sources, our workers abroad keep more than $12 billion in foreign banks and in most cases they are unwilling to invest in our economy or housing, the reason being that they are insufficiently motivated.

BORBA: Market, Supply Shortages

AU121315 Belgrade BORBA in Serbo-Croatian 28 Dec 83 p 2

[Unattributed report: "What Is in Short Supply"]

[Summary] The list of consumer goods that are in short supply in our shops is long. Some of these shortages can be explained and justified, while others cannot be. First, lines formed in front of shops for coffee, then for detergents, gasoline, edible oil, sugar, meat, medicines and a number of other products. The shortages of coffee, gasoline and medicines can be explained by a shortage of foreign exchange, but there is no justification for the shortage of certain basic food products, particularly after a very good harvest for all crops.

Meat is in short supply because of reduced cattle breeding. Cattle purchase prices are now higher than the price of meat in the shops. This year alone, the slaughterhouse industry suffered a loss of over 3 billion dinars. Recently, fresh meat in shops has been increasingly replaced by canned meat.

Milk prices are such that dairies lose 3 dinars per liter. Milk production could be increased at the expense of cheese and other dairy products but this does not pay. The purchase of milk from producers is less than needs because of the low purchase price of milk. The milk subsidies vary from 0.60 dinars to 3 dinars per liter of milk. Croatia produced 14 million fewer liters of milk than needed.

As regards sugar, in October and November this year, the average monthly quantity of sugar bought was some 110,000 tons, or as much as 40,000 tons more per month than in the corresponding months of last year. It is estimated that the current stocks of sugar in the country could meet needs until the middle of next year. There have been no great shortages of sugar in Vojvodina, Macedonia and Slovenia, while Serbia and Bosnia-Hercegovina had only 75 percent of the usual quantity of sugar sold in the shops.

During the past 11 months, over 208,000 tons of detergents were produced. The greatest shortages of detergents were in April, when the production plan for detergents was realized only 82.4 percent.

The consumption of medicines has considerably increased recently. People are hoarding medicines at home. Until 1980, the average annual increase totaled 8 percent, and since then 20 percent. The shortage of certain vital medicines occurred because of an irregular supply of the necessary raw materials to the pharmaceutical industry. Short-term loans from the federal foreign exchange reserves have alleviated the shortage of medicines but have not provided a long-term solution for the problem.

In the first 9 months of this year only 18,000 tons of coffee was imported. Coffee was not imported because of a shortage of foreign exchange and because the agreement on a joint import and supply of the unified Yugoslav market with coffee has not been realized. In order to stabilize the market to a certain extent, the Federal Executive Council decided to provide 20 percent of the foreign exchange needed to import coffee, reduced the basic turnover tax on coffee and approved an increase in the retail price of coffee. However, all this was not of much use because only 3,000 tons of coffee out of the approved 15,000 tons were imported.

The basic reason for a shortage of gasoline and citrus and other subtropical fruits is a shortage of foreign exchange.

POLITIKA: Investment Projects Decline

AU121523 Belgrade POLITIKA in Serbo-Croatian 30 Dec 82 p 5

[Lj. Cudomirovic report]

[Summary] This year investment spending has been even smaller than the year before last. In the first 9 months of this year, overall investments were in accordance with this year's resolution on economic development. The share of investments in the social product was reduced to some 36 percent, as compared with 42 percent in 1980.

This was stated by Milorad Birovljev, general director of the social accounting service, at a press conference yesterday. However, the number of investment projects -- there are 22,939 of them -- is still too high.

According to Biroljev, investments for this purpose still account for a large share of the country's social product. The existing and planned investments will have to be reviewed and ways will have to be found to invest the available funds into completion of the so-called priority projects.

The overall estimated value of the 22,939 projects that are being constructed is 1,540 billion dinars. At the end of September 1980, there were over 6,000 more projects being built than there are now. However, this year, the estimated value of new investments was nominally 12 percent higher.

Of the total number of projects being built, 18,419 were begun during the past 3 years. According to the investment plan, nearly three-quarters of this number should be completed by the end of the year. The value of the projects which are planned to be completed by the end of the year will be 720 billion dinars.

Nonetheless, the present reduced number of projects that are being built is not small. In fact, there is a large number of small projects worth up to 10 million dinars. These projects account for 60 percent of the total number of the newly begun production projects, or 13,500 projects. However, the estimated value of 402 projects, of 1.7 percent of the projects being built, exceeds 500 million dinars each. Thus, the value of these projects is 57 percent of the total estimated value of the present investments.

'KUSHTRIM I LIRIS' IRREDENTISTS CONVICTED

LD122328 Belgrade TANJUG in English 1705 GMT 12 Jan 83

[Text] Skopje January 12 (TANJUG) -- The district court of Skopje (Yugoslav Republic of Macedonia) today (Wednesday) pronounced verdicts for five members of the illegal irrendentist organization "Kushtrim i Liris" (A Call to Freedom) of Tetovo.

The first defendant, Rafi Alili, whom the court proved to have been the chief organizer of "Kushtrim i Liris" and who while being arrested fired at an official, was sentenced to 15 years in prison.

Bejtula Ademi was sentenced to 13 years, Dzevad Ademi to 12 years, Agim Kasami to 11 years and Naser Beluli to ten years.

Under the verdict the first three accused were responsible for the organizing of the mentioned counter-revolutionary organization and the other two for the membership of the organization.

The goal of the organization "Kushtrim i Liris" was to create a republic of Kosovo which would include parts of the territories of the Yugoslav Republics of Macedonia, Serbia and Montenegro.

Under the plan, these parts of Yugoslavia were to have later been joined to Albania.

The court also found that these five Albanian irredentists and nationalists had "imported" pamphlets, leaflets and other propaganda material of hostile content from neighbouring Albania.

These propaganda materials presented a distorted image of self-management Socialist Yugoslavia and spread lies and slanders among the Albanians living in the territory of Yugoslavia.